



## प्रधान आयुक्त का कार्यालय, सीमा शुल्क, अहमदाबाद

“सीमा शुल्क भवन,” पहली मंजिल, पुरानो हाईकोर्ट के सामने, नवरंगपुरा, अहमदाबाद – 380 009.

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**DIN: 20251271MN000000D789**

### PREAMBLE

A	फाइल संख्या / File No.	:	<b>F. No. VIII/10-268/ICD-KHOD/O&amp;A/HQ/2024-25</b>
B	कारणबताओनोटिस संख्या-तारीख / Show Cause Notice No. and Date	:	<b>F. No. VIII/10-268/ICD-KHOD/O&amp;A/HQ/2024-25 dated 09.07.2025</b>
C	मूल आदेश संख्या / Order-In-Original No.	:	<b>180/ADC/SR/O&amp;A/HQ/2025-26</b>
D	आदेश तिथि / Date of Order-In-Original	:	<b>17.12.2025</b>
E	जारी करने की तारीख / Date of Issue	:	<b>17.12.2025</b>
F	द्वारा पारित / Passed By	:	<b>Shravan Ram,</b> Additional Commissioner, Customs Ahmedabad.
G	आयातक का नाम और पता / Name and Address of Importer / Passenger	:	<b>1. M/S. COMP-TECH EQUIPMENTS LIMITED, SURVEY NO. 15, ZAK INDUSTRIAL AREA, NARODA DAHEGAM ROAD, TALUKA DEHGAM, GANDHINAGAR-382305</b>
(1)	यह प्रति उन व्यक्तियों के उपयोग के लिए निःशुल्क प्रदान की जाती है जिन्हे यह जारी की गयी है।		
(2)	कोई भी व्यक्ति इस आदेश सेस्वयं को असंतुष्ट पाता है तो वह इस आदेश के विरुद्ध अपील इस आदेश की प्राप्तिकी तारीख के 60 दिनों के भीतर आयुक्त कार्यालय, सीमा शुल्क (अपील), चौथी मंजिल, हुड़को भवन, ईश्वर भुवन मार्ग, नवरंगपुरा, अहमदाबाद में कर सकता है।		
(3)	अपील के साथ केवल पांच (5.00) रुपये का न्यायालय शुल्क टिकिट लगा होना चाहिए और इसके साथ होना चाहिए:		
(i)	अपील की एक प्रति और;		
(ii)	इस प्रति या इस आदेश की कोई प्रति के साथ केवल पांच (5.00) रुपये का न्यायालय शुल्क टिकिट लगा होना चाहिए।		
(4)	इस आदेश के विरुद्ध अपील करने वाले व्यक्ति को 7.5 % (अधिकतम 10 करोड़) शुल्क अदा करना होगा जहां शुल्क या इयटी और जुर्माना विवाद में है या जुर्माना जहां इस तरह की दंड विवाद में है और अपील के साथ इस तरह के भुगतान का प्रमाण पेश करने में असफल रहने पर सीमा शुल्क अधिनियम, 1962 की धारा 129 के प्रावधानों का अनुपालन नहीं करने के लिए अपील को खारिज कर दिया जायेगा।		

### BRIEF FACTS OF THE CASE:

**M/S. COMP-TECH EQUIPMENTS LIMITED**, Survey No. 15, Zak Industrial Area, Naroda Dahegam Road, Taluka Dehgam, Gandhinagar-382305 (hereinafter referred to as “M/s. Comp-Tech” or “the importer”, for the sake of brevity), having Import Export Code Number **0806015179**, are registered with Goods and Services Tax Department

with GSTIN **24AACCC7305F1Z4**, and have imported goods through Inland Container Depot, Khodiyar, Ahmedabad.

2. Whereas, it has been observed that M/s. Comp-Tech have imported “**Invertor**” under Bills of Entry No. 4084053 dated 26.05.2021 and 5165766 dated 24.08.2021 (**RUD-1**) by classifying under Tariff Item 8414 90 19 of Customs Tariff Act, 1975 and paid Customs Duty (BCD) @ 7.5%, Social Welfare Surcharge @ 10% and IGST @ 18%.

**3.** Whereas, it has been observed that ‘Invertor’ i.e. “*Static Converters*” have been specifically defined and mention in Sub-Heading 8504 40 and ‘*Parts*’ of Static Converter are covered in Tariff Entry 8504 90 90 of Customs Tariff Act, 1975. The tariff entry for Static Converters and parts for goods of Heading 8504 in the Customs tariff Act, 1975 is as below:

<b>Chapter or heading or subheading</b>	<b>Item Description</b>	<b>Effective BCD Rate ADV</b>
<b>8504 40</b>	<b>- Static converters:</b>	
<b>8504 40 10</b>	<b>--- Electric inverter</b>	<b>20%</b>
	<b>--- Rectifier:</b>	
8504 40 21	<b>---- Dip bridge rectifier</b>	<b>20%</b>
8504 40 29	<b>---- Other</b>	<b>20%</b>
8504 40 30	<b>--- Battery chargers</b>	<b>20%</b>
8504 40 40	<b>--- Voltage regulator and stabilizers (other than Automatic)</b>	<b>20%</b>
8504 40 90	<b>--- Other</b>	<b>20%</b>
xxx xxx		
xxx xxx		
<b>8504 90</b>	<b>- Parts:</b>	
8504 90 10	<b>--- Of transformers</b>	<b>10%</b>
8504 90 90	<b>--- Other</b>	<b>15%</b>

**4.** The imported goods ‘Invertor’ classifiable under Sub-Heading 8504 40 and its parts classifiable under tariff entry 8504 90 90 are covered by Exemption Notification 57/2017-Cus dated 30.06.2017 (as amended). The relevant entry of Notification for the subject item is below:

<b>“S. No.”</b>	<b>Chapter or Heading or Sub-heading or tariff item</b>	<b>Description of goods</b>	<b>Standard rate</b>	<b>Condition No</b>
13	8504 40	<i>All goods other than the following goods, namely: - (a) charger or power adapter; (b) solar inverter]</i>	10%	-
13A	8504 90 90	<i>All goods other than the following goods, namely: - (a) Printed Circuit Board Assembly of charger or power</i>	10%	-

		<i>adapter; (b) Moulded Plastic of charger or power adapter”</i>		
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In pursuance of notification, all the goods mentioned in Sub-Heading 8504 40 and tariff entry 8504 90 90 except the items mentioned in Sr. No.(a) & (b) of entry 13 and of 13A are exempted from BCD in excess of rate @10% ADV.

**4.2** Further, the definitions/types of *Static Converters* as per HSN explanatory notes of Heading 8504 is reproduced below:

**“ELECTRICAL STATIC CONVERTERS**

*The apparatus of this group are used to convert electrical energy in order to adapt it for further use. They incorporate converting elements (e.g., valves) of different types. They may also incorporate various auxiliary devices (e.g., transformers, induction coils, resistors, command regulators, etc.). Their operation is based on the principle that the converting elements act alternately as conductors and non-conductors.*

*The fact that these apparatuses often incorporate auxiliary circuits to regulate the voltage of the emerging current does not affect their classification in this group, nor does the fact that they are sometimes referred to as voltage or current regulators.*

**This group includes:**

(A) *Rectifiers by which alternating current (single or polyphase) is converted to direct current, generally accompanied by a voltage change.*

**(B) *Inverters by which direct current is converted to alternating current.***

(C) *Alternating current converters and cycle converters by which alternating current (single or polyphase) is converted to a different frequency or Voltage.*

(D) *Direct current converters by which direct current is converted to a different voltage.*

*Electrical static converters may be used for different purposes, e.g.:*

(1) *Converters to supply electricity to drive stationary machines or electric traction vehicles (e.g., locomotives).*

(2) *Supply converters, such as accumulator chargers (which consist essentially of rectifiers with associated transformer and current control apparatus), converters for galvanising and electrolysis,*

*emergency power packs, converters for supply high-tension direct current, converters for heating purposes and for the current supply to installations electro-magnets.*

*Also which classified here are converters known as high-tension generators (used particularly with radio apparatus, emission tubes, microwave tubes, ion-beam tubes) which convert the current from any source, usually the mains, into the direct high-tension current necessary for feeding the equipment concerned by means of rectifiers, transformers, etc.*

*This heading also includes stabilised suppliers (rectifiers combined with a regulator), e.g., uninterruptible power supply units for a range of electronic equipment.*

xxx xxx

xxx xxx"

**4.3** The classification of goods in the first Schedule i.e. Import Tariff is governed by the principles/Rules-General Rules of Interpretation (GIR) of the First Schedule mentioned therein. As per the rule 1 of General Rules for interpretation it is provided that the titles of Sections, Chapters and sub-Chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and, provided such headings or Notes do not otherwise require.

The Section Note 2 of Section XVI and its explanation in HSN Explanatory Notes is essential for understanding classification for Static Converters and parts of Static Converter. The section Note 2 of Section XVI is as below:

*"Subject to Note 1 to this Section, Note 1 to Chapter 84 and Note to Chapter 85, parts of machines (not being parts of the articles of heading 84.84, 85.44, 85.45, 85.46 or 85.47) are to be classified according to the following rules:*

- (a)** *Parts which are goods included in any of the headings of Chapter 84 or 85 (other than headings 84.09, 84.31, 84.48, 84.66, 84.73, 84.87, 85.03, 85.22, 85.29, 85.38 and 85.48) are in all cases to be classified in their respective headings;*
- (b)** *Other parts, if suitable for use solely or principally with a particular kind of machine, or with a number of machines of the same heading (including a machine of heading 84.79 or 85.43) are to be classified with the machines of that kind or in heading 84.09, 84.31, 84.48, 84.66, 84.73, 85.03, 85.22, 85.29 or 85.38 as appropriate. However, parts which are equally suitable for use principally with the goods of headings 85.17 and 85.25 to 85.28 are to be classified in heading and parts*

*which are suitable for use solely or principally with the goods of heading 85.24 are to be classified in heading 85.29;*

**(c) xxx xxx”**

The extract of the Section Note 2 of the HSN Explanatory Notes for Section XVI is reproduced below-

*“In general, parts which are suitable for use solely or principally with particular machines or apparatus (including those of heading 84.79 or heading 85.43), or with a group of machines or apparatus falling in the same heading, are classified in the same heading as those machines or apparatus subject, of course, to the exclusions mentioned in Part (I) above. Separate headings are, however, provided for.*

**(A) Parts of the engines of heading 84.07 or 84.08 (heading 84.09),**

**(B) Parts of the machinery of headings 84.25 to 84.30 (heading 84.31).**

**(C) Parts of the textile machines of headings 84.44 to 84.47(heading 84.48).**

**(D) Parts of the machines of headings 84.56 to 84.65 (heading 84.66).**

**(E) Parts of the office machines of headings 84.70 to 84.72 (heading 84.73).**

**(F) Parts of the machines of heading 85.01 or 85.02 (heading 85.03).**

**(G) Parts of apparatus of headings 85.19 or 85.21 (heading 85.22).**

**(H) Parts of apparatus of headings 85.25 to 85.28 (heading 85.29).**

**(IJ) Parts of apparatus of heading 85.35, 85.36 or 85.37 (heading 85.38).**

***The above rules do not apply to parts which in themselves constitute an article covered by a heading of this Section (other than headings 84.87 and 85.48); these are in all cases classified in their own appropriate heading even if specially designed to work as part of a specific machine. This applies in particular to:***

**(1) Pumps and compressors (headings 84.13 and 84.14)**

*xxx xxx*

*xxx xxx*

***(9) Electrical transformers and other machines and apparatus of heading 8504.***

*xxx xxx*

xxx xxx

(19) *Insulating fittings for electrical machines, etc., of heading 85.47.”*

**4.4** The classification of subject goods appears to be done as per Section Note 2(a), which is not appropriate, as the static converter have specific entry in Heading 8504 of Customs Tariff Act, 1975 and is mentioned at Sr. No. 9 of exclusion list as mentioned above, therefore, when imported as an “individual article” or a “part specifically designed to work as a part of specific machine” of Chapter 84 or 85 is invariably to be classified only in Chapter Heading 8504 and not in the heading where the machine is classified as per Section Note 2(a). Therefore, by application of Rule 1 of GIR, Section Note 2(a) of Section XVI for Chapter 84 and 85 read with HSN explanatory notes of Section Note of Section XVI, the appropriate classification of Static converters is Sub-Heading 8504 40 and parts of Static Converters are suitable for use solely or principally with a Static Converters. Therefore, by application of Rule 1 of GIR, Section Note 2(a) & 2(b) of Section XVI for Chapter 84 and 85, the appropriate classification for parts of Static Converter is Sub-Heading 8504 90. The Static Converters include inverters, chargers, adapters and Bridge Rectifiers etc.

**4.5** In view of above facts, it appears that the “Invertor” are goods included in Sub-Heading 8504 40 of the Customs Tariff Act, 1975, therefore the same are required to be classified in its respective heading in view of Section Note 2 of Section XVI read with HSN explanatory notes of Section 2 for Section XVI. Further, it has *inter-alia* been provided in the Explanatory notes of harmonized System of Nomenclature for Section XVI that the rule, which provides that in general, parts which are suitable for use solely or principally with particular machines or apparatus (including those of heading 84.79 or heading 85.43). It has been further provided that these are in all cases classified in their own appropriate heading even if specially designed to work as part of a specific machine; that this applies in particular to, among others, “**Invertor of Sub-Heading 8504 40**”.

**4.6** Therefore, it can be inferred from above that when “invertor” imported as an “individual article” or a “part specifically designed to work as a part of specific machine” of Chapter 84 or 85 is invariably to be classified only in Sub-Heading 8504.40, wherein effective rate of Basic Customs Duty is 10%, Social Welfare Surcharge is 10% by virtue of exemption Customs Notification No. 57/2017 dated 30.06.2017 (as amended).

**5.** On going through the details of the Bills of Entry No. 4084053 dated 26.05.2021 and 5165766 dated 24.08.2021, it has been observed that M/s. Comp-Tech has imported “Invertor” by classifying under Tariff Item 8414 90 19 of Customs Tariff Act, 1975 and paid Customs Duty (BCD) @ 7.5%, Social Welfare Surcharge @ 10% and IGST @ 18 to evade the higher Basic Customs Duty. The Differential Duty worked out as per Table-1 below:

**Table-1**

<b>Assess Value</b>	<b>Duty Paid</b>			<b>Duty Payable</b>			<b>Differential Duty payable</b>			
	<b>BCD @7.5%</b>	<b>SWS @10% of BCD</b>	<b>IGST @18%</b>	<b>BCD @10%</b>	<b>SWS @10% of BCD</b>	<b>IGST @18%</b>	<b>BCD</b>	<b>SWS</b>	<b>IGST</b>	<b>Total</b>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)= (5)-(2)	(9)= (6)-(3)	(10)= (7)-(4)	(11)= (8+9+10)
1443635	108273	10827	281292	144364	14436	288438	36091	3609	7146	46846

**5.1** Whereas, M/s. Comp-Tech was inter-alia informed vide letter F. No. VIII/48-21/ICD/DAC-03-2023-24/2024 dated 22.02.2024 (**RUD-2**) that Invertor of heading 8504, when imported as “individual article” or “part specifically designed to work as part of specific machine” of Chapter 84 or 85 is invariably to be classified only in Chapter Heading 8504, wherein effective rate of Basic Customs Duty is 10%, Social Welfare Surcharge is 10% and Integrated Goods and Services Tax is 18%. It was further informed that they had imported “Invertor” under various Bills of Entry and paid 7.5% Basic Customs Duty, 10% Social Welfare Surcharge and 18% Integrated Goods and Services Tax, instead of Chapter Heading 8504, which has resulted in short levy of duty. Accordingly, M/s. Comp-Tech was requested to pay the amount of short duty along with interest at applicable rate as per the provisions of the Customs Act, 1962 and intimate the payment particulars to this office at the earliest.

**5.2** However, M/s. Comp-Tech has not submitted any reply or response of the aforesaid letter dated 22.02.2024 and has not paid the amount of short paid duty along with interest.

**5.3** As discussed in the forgoing paras, it appears that the Sub-Heading 8504.40 of the Customs Tariff Act, 1975 covers “Invertor”. Further, it has been provided in the Explanatory notes of Section Note 2 of harmonized System of Nomenclature for XVI that the rule, which provides that in general, parts which are suitable for use solely or principally with particular machines or apparatus (including those of heading 84.79 or heading 85.43). It has been further provided that these are in all cases classified in their own appropriate heading even if specially designed to work as part of a specific machine; that this applies in particular to, among others, **“Invertor of Sub-Heading 8504.40”**. Therefore, M/s. Comp-Tech, classified their goods under Tariff Item 8414 90 19 of Customs Tariff Act, 1975, appears not to be aligned with the Explanatory notes of Section Note 2 of harmonized System of Nomenclature for Section XVI.

## **6. RELEVANT LEGAL PROVISIONS:**

### **6.1 Section 17(1) of the Customs Act, 1962:**

*“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.”*

### **6.2 Section 28(4) of the Customs Act, 1962:**

*“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 willful 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.”*

### **6.3 Section 28AA of the Customs Act, 1962** states that:

#### ***“Interest on delayed payment of duty—***

*“(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 thereunder, 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.*

*(2) Interest at such rate not below ten per cent. and not exceeding thirty-six per cent. 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.*

*(3) Notwithstanding anything contained in sub-section (1), no interest shall be payable where,—*

- (a) the duty becomes payable consequent to the issue of an order, instruction or direction by the Board under section 151A; and*
- (b) such amount of duty is voluntarily paid in full, within forty-five days from the date of issue of such order, instruction or direction, without reserving any right to appeal against the said payment at any subsequent stage of such payment.”*

### **6.4 Section 46 of the Customs Act, 1962:**

#### ***Entry of goods on importation.***

“....

(4) The importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, and such other documents relating to the imported goods as may be prescribed.

...

(4A) The importer who presents a bill of entry shall ensure the following, namely:

the accuracy and completeness of the information given therein;

the authenticity and validity of any document supporting it; and

compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.”

#### **6.5 Section 111 of the Customs Act, 1962:**

##### ***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 of baggage with the declaration made under section 77 in respect thereof, or in the case of goods under trans-shipment, with the declaration for trans-shipment referred to in the proviso to sub-section (1) of section 54;

...”

#### **6.6 Section 112 of the Customs Act, 1962:**

##### ***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, shall be liable,

-

(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty not

*exceeding the value of the goods or five thousand rupees, whichever is the greater;*

*(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher :*

*Provided that where such duty 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 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 penalty so determined;”*

#### **6.7 Section 114A of the Customs Act, 1962:**

*“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 willful 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 of Section 28 shall also be liable to pay a penalty equal to the duty or interest so determined.”*

#### **6.8 Section 114AA of the Customs Act, 1962:**

##### ***Penalty for use of false and incorrect material. -***

*“If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.”*

#### **6.9 Section 117 of the Customs Act, 1962:**

##### ***Penalties for contravention, etc., not expressly mentioned.***

*“Any person who contravenes any provision of this Act or abets any such contravention or who fails to comply with any provision of this Act with which it was his duty to comply, where no express penalty is elsewhere provided for such contravention or failure, shall be liable to a penalty not exceeding four lakh rupees.”*

7. After introduction of self-assessment through amendment in Section 17 of the Customs Act, 1962 vide Finance Act, 2011, it is the responsibility of the importer to correctly declare the description, classification, applicable exemption notification, applicable duties, rate of duties and its relevant notifications etc. in respect of said imported goods and pay the appropriate duty accordingly, whereas, in the instant case, the importer has failed to correctly classify the imported goods in the Bills of Entry of the said imported goods and suppressed the said material facts with an intent to evade

payment of duty and thereby they have not paid the appropriate Customs Duty on the said imported goods.

**7.1** It, therefore, appears that M/s. Comp-Tech has willfully contravened the provisions of Section 17(1) of the Customs Act, 1962 in as much as they have failed to correctly self-assess the goods in question and have also contravened the provisions of sub-sections (4) and (4A) of Section 46 of the Customs Act, 1962 in as much as they have failed to ensure the accuracy and completeness of the information given therein.

**7.2** From the above, it can be seen that the importer had intentionally not declared correct classification of the imported goods in the Bills of Entry of the said imported goods and suppressed the said material facts with an intent to evade payment of appropriate Customs Duty and cleared the said imported goods without paying appropriate Customs Duty. Even after pointing out / communicating that they have not appropriately classified the said imported goods and have short paid Customs Duty, they have not paid the same.

**7.3** The aforesaid facts show that the importer had resorted to willful mis-classification of the said imported goods in the Bills of Entry of the said imported goods by suppressing the said material facts, which shows the ulterior motive of the importer to evade payment of applicable Customs Duty in respect of said imported goods cleared for home consumption vide Bills of Entry mentioned in **Annexure-A** to this show cause notice. The details of Customs Duty required to be paid and the amount of Customs Duty short paid by M/s. Comp-Tech in respect of said imported goods is detailed in **Annexure-A** to this show cause notice. Thus, Customs Duty of **Rs. 46,846/- (BCD Rs. 36,091/- + SWS Rs. 3,609/- + IGST Rs. 7,146/-)** on the said imported goods cleared under Bill of Entry mentioned in **Annexure-A** to this show cause notice is liable to be demanded under Section 28(4) of the Customs Act, 1962, by invocation of extended period of five years, along with appropriate interest at applicable rate under Section 28AA of the Customs Act, 1962.

**7.4** As per clause (m) of Section 111 of the Customs Act, 1962, any goods brought from a place outside India which do not correspond in respect of value or in any other particular with the entry made under this Act, shall be liable to confiscation. Therefore, the goods valued at **Rs. 14,43,635/-** imported under the said Bills of Entry appear to be liable for confiscation under the provisions of Section 111(m) of the Customs Act, 1962 in as much as the same have been imported by mis-classification of the said imported goods.

**7.5** The aforesaid acts of omission and commission on the part of M/s. Comp-Tech appear to have rendered them liable to penalty as provided under Section 112(a)(ii) of the Customs Act, 1962.

**7.6** As already discussed, the Customs duty in the present case appear to have been short levied and short paid by reason of willful mis-statement and suppression of facts on the part of M/s. Comp-Tech, which appear to have made them liable for penalty under Section 114A of the Customs Act, 1962.

**7.7** The importer had resorted to willful mis-declaration of the said imported goods in the Bills of Entry of the said imported goods in spite of being fully aware of the products purchased/imported. Hence, for the said act of contravention on their part, M/s. Comp-Tech appears to be liable for penalty under Section 114AA of the Customs Act, 1962.

**7.8** M/s. Comp-Tech was communicated the regarding observations of the Audit vide letter F. No. VIII/48-21/ICD/DAC-03-2023-24/2024 dated 22.02.2024, with a request to pay the differential tax amount along with applicable interest and to submit the payment particulars. However, they did not even reply to the said letter. Therefore, it appears that M/s. Comp-Tech failed to comply with the directions and liable for penalty under Section 117 of the Customs Act, 1962.

**8.** Now, therefore, **M/s. Comp-Tech Equipments Limited, Survey No. 15, Zak Industrial Area, Naroda Dahegam Road, Taluka Dehgam, Gandhinagar-382305**, are hereby called upon to show cause to the Additional Commissioner of Customs, having his office at 2<sup>nd</sup> Floor, Custom House, Navrangpura, Ahmedabad, as to why:

- (a) The declared classification of the imported goods "Invertors" under Customs Tariff Item 8414 90 19 of the First Schedule to the Customs Tariff Act, 1975, imported under Bills of Entry as per annexure-A to the Show Cause Notice by M/s. Comp-Tech Equipments Limited, should not be rejected;
- (b) The imported goods "Invertors" should not be held appropriately classifiable under Sub-Heading 8504 40 of the First Schedule to the Customs Tariff Act, 1975;
- (c) The imported goods having assessable value of **Rs. 14,43,635/- (Rupees Fourteen Lakh Forty-Three Thousand Six Hundred Thirty-Five Only)** as detailed in **Annexure-A** to this Show Cause Notice, should not be held liable for confiscation under Section 111(m) of the Customs Act 1962, and as the said goods had already been cleared, Redemption Fine in lieu of confiscation should not be imposed under Section 125 of the Customs Act, 1962;
- (d) The Customs Duty amounting to **Rs. 46,846/- (Rupees Forty-Six Thousand Eight Hundred Forty-Six Only) (BCD Rs. 36,091/- + SWS Rs. 3,609/- + IGST Rs. 7,146/-)** short paid, as detailed in **Annexure-A** to this Show Cause Notice, should not be demanded and recovered from them under Section 28(4) of the Customs Act, 1962;
- (e) Interest at applicable rate under Section 28AA of the Customs Act, 1962, on Customs Duty mentioned at (d) above, should not be charged and recovered from them;

- (f) Penalty should not be imposed on them under the provisions of Section 112(a)(ii) of the Customs Act, 1962;
- (g) Penalty should not be imposed on them under Section 114A of the Customs Act, 1962;
- (h) Penalty should not be imposed on them under Section 114AA of the Customs Act, 1962;
- (i) Penalty should not be imposed on them under Section 117 of the Customs Act, 1962;

## **09. WRITTEN SUBMISSION AND PERSONAL HEARING**

Initially the noticee did not submitted any written reply to the Show cause notice. Later on in reply to the first PH letter they submitted their reply vide email dtd 28.10.2025 wherein they informed that they have already paid the Short paid duty. They further requested to withdraw the notice, though no payment details were attached in the email. Later on vide their e mail dated 18.11.2025 in response to PH letter, they submitted the payment particulars of RS 46846/- paid by them in this regard on Sept.11, 2025. They also attached their letter dtd Sept-11,2025 containing the Challan Number and other details of the amount of Rs.46,846/- paid by them. No other detailed reply was received from them in this office except the aforesaid mentioned communications.

## **10 PERSONAL HEARING:**

The Personal Hearing in the matter was held on 02.12.2025 online in virtual mode. Shri Jigna Madam attended the above PH as an authorized Representative of M/s Comp-Tech Equipments Limited held in virtual mode on 02.12.2025. She submitted that they have already paid the disputed duty amount of Rs.46,846/ ( In words Rupees fourty six thousand eight hundred and fourty six only). She further submitted that they intend to close the matter. Lastly She requested to take a lenient view in the matter as they had already paid the disputed amount.

## **11 DISCUSSION AND FINDINGS:**

**11.1** I have carefully gone through the Show Cause Notice, the Submissions made by the noticee in written e mail as well as during the course of the personal

hearing and available records of the case. The issues for consideration before me in these proceedings are as under:-

11.2 Whether the declared classification of the imported goods "Invertors" under Customs Tariff Item 8414 90 19 of the First Schedule to the Customs Tariff Act, 1975, imported under Bills of Entry as per annexure-A to the Show Cause Notice by M/s. Comp-Tech Equipments Limited, should not be rejected; and whether the imported goods "Invertors" should be held appropriately classifiable under Sub-Heading 8504 40 of the First Schedule to the Customs Tariff Act, 1975.

I find that the noticee vide their letter dated 11.09.2024 submitted that they have also accepted and have made payment of their differential duty liability of **Rs. 46,846/-** on the same as demanded in the SCN. As per this letter an amount of Rs.46846/- has been paid vide challan Number 1573437898 dtd 11.09.2025. Therefore, I find that the noticee has not challenged the aforesaid SCN in respect of classification of these goods. In view of the same, I find that the "Invertor" are goods included in Sub-Heading 8504 40 of the Customs Tariff Act, 1975, therefore the same are required to be classified in its respective heading in view of Section Note 2 of Section XVI read with HSN explanatory notes of Section 2 for Section XVI. Further, I also find *inter-alia* been provided in the Explanatory notes of harmonized System of Nomenclature for Section XVI that the rule, which provides that in general, parts which are suitable for use solely or principally with particular machines or apparatus (including those of heading 84.79 or heading 85.43). It has been further provided that these are in all cases classified in their own appropriate heading even if specially designed to work as part of a specific machine; that this applies in particular to, among others, "**Invertor of Sub-Heading 8504 40**". Therefore, I find from above that when "invertor" imported as an "individual article" or a "part specifically designed to work as a part of specific machine" of Chapter 84 or 85 is invariably to be classified only in Sub-Heading 8504.40, wherein effective rate of Basic Customs Duty is 10%, Social Welfare Surcharge is 10% by virtue of exemption Customs Notification No. 57/2017 dated 30.06.2017 (as amended). And accordingly I hold the impugned goods appropriately classifiable under Sub-Heading 850440 and reject the declared classification of the imported goods "Invertors" under Custom Tariff Item 84149019.

11.3 Whether *extended period can be invoked under Section 28(4)*

I find that in their self-assessment of the Bills of Entry, the noticee has failed to correctly classify the imported goods and suppressed the material facts with an intent to evade Customs duty, which was pointed out by the alert from DAC

Analytics Note, which led to inquiry into the said Bills of Entry. I also find that the noticee had not submitted any reply during the inquiry. I find that M/s. Comp-Tech was communicated regarding observations of the Audit vide letter F. No. VIII/48-21/ICD/DAC-03-2023-24/2024 dated 22.02.2024, with a request to pay the differential tax amount along with applicable interest and to submit the payment particulars. However, then they did not even replied to the said letter. Now I also find that in their submission dated 11.09.2025 and submission during the PH, they accepted their mistake for the imported item regarding classification by paying the differential duty. Therefore, I hold that the noticee knowingly mis-classified the imported goods and suppressed the material facts with an intent to evade Customs duty, and made themselves liable to pay differential duty under the provisions of section 28(4) of the Customs Act, 1962 with interest under Section 28AA.

Section 28 (4) is reproduced below as:-

**“Section 28(4)**- *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.”*

Section 28AA of the Customs Act, 1962 states that:

**“[28AA. Interest on delayed payment of duty--***[(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 thereunder, 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.*

*(2) Interest at such rate not below ten per cent. and not exceeding thirty-six per cent. 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.*

*(3) Notwithstanding anything contained in sub-section (1), no interest shall be payable where,--*

- (a) *the duty becomes payable consequent to the issue of an order, instruction or direction by the Board under section 151A; and*
- (b) *such amount of duty is voluntarily paid in full, within forty-five days from the date of issue of such order, instruction or direction, without reserving any right to appeal against the said payment at any subsequent stage of such payment.]”*

In view of above I hold the noticee liable to pay the short paid duty amounting to Rs. 46846/- alongwith appropriate interest. I also find that since the noticee has already paid the differential duty of Rs 46846/- , I propose to appropriate the same.

#### 11.4 Whether goods are liable for confiscation?

In view of my observations mentioned in the earlier paras I find that the noticee has wilfully suppressed the facts and mis-classified the impugned goods for evading Customs Duty at higher rate, therefore, the goods as per Annexure-A to the aforementioned SCN, valued at Rs. 14,43,635/- (Rupees Fourteen Lakh Forty-Three Thousands Six Hundred Thirty-Five Only) as detailed in Annexure-A /- imported under the said Bills of Entry are liable for confiscation under the provisions of Section 111(m) of the Customs Act, 1962 in as much as the same have been imported by mis-classification of the said imported goods.

Section 111(m) of the Customs Act, 1962 reads as follows:

**“Section 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 of baggage with the declaration made under section 77 in respect thereof, or in the case of goods under trans-shipment, with the declaration for trans-shipment referred to in the proviso to sub-section (1) of section 54;”*

Section 125 reads as follows:

*“(1) Whenever confiscation of any goods is authorised by this Act, the officer adjudging it may, in the case of any goods, the importation or exportation whereof is prohibited under this Act or under any other law for the time being in force, and shall, in the case of any other goods, give to the owner of the goods 1 [or, where such owner is not known, the person from whose possession or custody such goods have been seized,] an option to pay in lieu of confiscation such fine as the said officer thinks fit:”*

#### 11.5 Whether redemption fine is imposable

I find that the present case is not about only an dispute of classification, but an outcome of inquiry/ audit findings about mis-classification and mis-statement of the noticee in their past Bills of Entry for the import of "Invertor". I hold that the goods of Annexure-A to the aforementioned SCN, valued at at **Rs. 14,43,635/- (Rupees Fourteen Lakh Forty-Three Thousand Six Hundred Thirty-Five Only)** imported under the said Bills of Entry are hold to be liable for confiscation under the provisions of Section 111(m) of the Customs Act, 1962 in as much as the same have been imported by mis-classification of the said imported goods. Further, I find that in cases where the goods are not physically available for confiscation redemption fine is imposable in light of the judgment in the case of **M/s Visteon Automotive Systems India Ltd. reported at 2018 (009) GSTL 0142 (Mad)** wherein the Hon'ble High Court of Madras has observed as under:

*"The penalty directed against the importer under Section 112 and the fine payable under Section 125 operate in two different fields. The fine under Section 125 is in lieu of confiscation of the goods. The payment of fine followed up by payment of duty and other charges leviable, as per sub-section (2) of Section 125, fetches relief for the goods from getting confiscated. By subjecting the goods to payment of duty and other charges, the improper and irregular importation is sought to be regularised, whereas, by subjecting the goods to payment of fine under sub-section (1) of Section 125, the goods are saved from getting confiscated. Hence, the availability of the goods is not necessary for imposing the redemption fine. The opening words of Section 125, "Whenever confiscation of any goods is authorised by this Act ..", brings out the point clearly. The power to impose redemption fine springs from the authorisation of confiscation of goods provided for under Section 111 of the Act. When once power of authorisation for confiscation of goods gets traced to the said Section 111 of the Act, we are of the opinion that the physical availability of goods is not so much relevant. The redemption fine is in fact to avoid such consequences flowing from Section 111 only. Hence, the payment of redemption fine saves the goods from getting confiscated. Hence, their physical availability does not have any significance for imposition of redemption fine under Section 125 of the Act. We accordingly answer question No. (iii)."*

Hon'ble High Court of Gujarat by relying on this judgment, in the case of **Synergy Fertichem Ltd. Vs. Union of India [2020 (33) G.S.T.L. 513 (Guj.)]**, held that even in the absence of the physical availability of the goods or the conveyance, the authority can proceed to pass an order of confiscation and also pass an order of redemption fine in lieu of confiscation. In other words, even if the goods or the conveyance has been released under Section 129 of the Act and, later, confiscation proceedings are initiated, then even in the absence of the goods or the conveyance, the payment of redemption fine in lieu of confiscation can be passed. The ratio of the above case law is squarely applicable to the facts of the instant case and as such I hold that redemption fine is imposable on the subject goods under Section 125 of the Act.

11.6 Whether penalty under Section 114A and 112(a) is imposable

Section 112(a) reads as follows:

**“Section 112. 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*

*...  
shall be liable, -*

*(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty <sup>1</sup> [not exceeding the value of the goods or five thousand rupees], whichever is the greater;”*

Section 114A reads as follows:

**“Section 114A. 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 2 [\*\*\*\*]/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 3 [sub-section (8) of section 28] shall also be liable to pay a penalty equal to the duty or interest so determined”*

I find that about classification, M/s. Comp-Tech Equipments Ltd. vide their letter dated 11.09.2025 and during PH accepted the allegations of the SCN after issuance of the SCN. I hold that due to suppression of facts and wilful mis-statement by, M/s. Comp-Tech Equipments Ltd. had led to short levy of Customs duty thus rendering them liable for penalty under Section 114A of the Customs Act, 1962. The SCN also proposed imposition of penalty under Section 112(a) of the Customs Act, 1962, on the Noticee. In the instant case, I have already found that the Noticee is liable to penalty under Section 114A of the Customs Act, 1962 and therefore penalty under Section 112 is not imposable in terms of the 5th proviso to Section 114A of the Customs Act, 1962. the same reads as under:

*“Provided. also that where any penalty has been levied under this Section, no penalty shall be levied under Section 112 or Section 114.”*

11.7 Whether penalty under Section 114AA and 117 is imposable

I find that in the Show Cause Notice penalty under Section 114AA of the Customs Act, 1962 has been proposed to be imposed in importer . Section 114AA of the Customs Act, 1962 says as under:

**SECTION . [114AA. Penalty for use of false and incorrect material- If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.]**

As discussed in the foregoing paras, it is evident that despite knowing the actual facts of the imported product and its actual classification, the importer , M/s. Comp-Tech Equipments Ltd had knowingly and intentionally made, signed or used the declaration, statements and /or documents and presented them to the Customs Authorities which were incorrect in as much as they were not representing the true, correct and actual classification of the imported goods. I therefore find and hold that for this act on the part of importer, M/s. Comp-Tech Equipments Ltd., they are liable for penalty in terms of the provisions of Section 114AA of the Customs Act.

I also find that in the Show Cause Notice penalty under Section 117 of the Customs Act, 1962 has been proposed to be imposed on importer .

**Section 117 of the Customs Act, 1962:**

***Penalties for contravention, etc., not expressly mentioned.***

*“Any person who contravenes any provision of this Act or abets any such contravention or who fails to comply with any provision of this Act with which it was his duty to comply, where no express penalty is elsewhere provided for such contravention or failure, shall be liable to a penalty not exceeding four lakh rupees.”*

I find that since express penalties have already been imposed under Section 114A and 114AA , in view of this I Refrain to impose penalty under Section 117.

**12.** In view of the above discussion and findings, I pass the following order

**Order**

(a) I reject the declared classification of the imported goods “Invertors” under Customs Tariff Item 8414 90 19 of the First Schedule to the Customs Tariff Act, 1975, imported under Bills of Entry ,as per annexure-A to the Show Cause Notice, by M/s. Comp-Tech Equipments Limited.

(b) I hold the imported goods “Invertors” appropriately classifiable under Sub-Heading 8504 40 of the First Schedule to the Customs Tariff Act, 1975.

(c) I hold the imported goods having assessable value of Rs. 14,43,635/- (Rupees Fourteen Lakh Forty-Three Thousand Six Hundred Thirty-Five Only) as detailed in Annexure-A to the Show Cause Notice, liable for confiscation under Section 111(m) of the Customs Act 1962, and as the impugned goods had already been cleared, I order to impose a Redemption Fine of **Rs. 50,000/- (Rupees Fifty Thousand Only)** in lieu of confiscation under Section 125 of the Customs Act, 1962.

(d) I confirm the demand of the Customs Duty amounting to **Rs. 46,846/- (Rupees Forty-Six Thousand Eight Hundred Forty-Six Only) (BCD Rs. 36,091/- + SWS Rs. 3,609/- + IGST Rs. 7,146/-)** short paid, as detailed in **Annexure-A** to the Show Cause Notice, under Section 28(4) of the Customs Act, 1962. **Since the noticee has already paid the above amount I order to appropriate the same.**

(e) I confirm the demand of Interest at applicable rate under Section 28AA of the Customs Act, 1962, on Customs Duty mentioned at (d) above, and order to recover the same.

(f) I **refrain** from imposing Penalty under the provisions of Section 112(a) (ii) of the Customs Act, 1962.

(g) I order to impose Penalty of **Rs.5000/- (Rupees Five Thousand Only)** on them under Section 114A of the Customs Act, 1962.

(h) I order to impose Penalty of **Rs.10,000/- (Rupees Ten Thousand Only)** on them under Section 114AA of the Customs Act, 1962.

(i) I **refrain** from imposing Penalty under Section 117 of the Customs Act, 1962.

**13.** The Show Cause Notice bearing F. No. VIII/10-268/ICD-Khod/O&A/HQ/2024-25 dated 09.07.2025 is disposed of in above terms.

**(SHRAVAN RAM)**

Additional Commissioner

**DIN: 20251271MN00000D789**

F. No. VIII/10-268/ICD-Khod/O&A/HQ/2024-25

Date: **17 .12.2025**

BY SPEED POST / E-MAIL / HAND DELIVERY / THROUGH NOTICE BOARD

TO,

M/S. COMP-TECH EQUIPMENTS LIMITED,  
SURVEY NO. 15, ZAK INDUSTRIAL AREA, NARODA DAHEGAM ROAD,  
TALUKA DEHGAM, GANDHINAGAR-382305

Copy to:

- (i) The Commissioner of Customs, Ahmedabad. (Kind Attn : RRA Section)
- (ii) The Dy. Commissioner of Customs, ICD Khodiyar Ahmedabad.
- (iii) The Deputy Commissioner of Customs (Task Force), Ahmedabad.
- (iv) The System In-Charge, Customs, HQ, Ahmedabad for uploading on the official web-site.
- (V) Guard File.