



प्रधान आयुक्त का कार्यालय, सीमा शुल्क, अहमदाबाद

“सीमाशुल्क भवन,” पहली मंजिल, पुराने हाईकोर्ट के सामने, नवरंगपुरा, अहमदाबाद – 380 009.

दूरभाष : (079) 2754 4630 E-mail: cus-ahmd-adj@gov.in फैक्स : (079) 2754 2343

DIN: 20260171MN00006606A4

PREAMBLE

A	फाइल संख्या/ File No.	:	VIII/10-266/ICD-KHOD/O&A/HQ/2024-25
B	कारण बताओ नोटिस संख्या-तारीख / Show Cause Notice No. and Date	:	VIII/10-266/ICD-KHOD/O&A/HQ/2024-25 dated 09.07.2025
C	मूल आदेश संख्या/ Order-In-Original No.	:	198/ADC/SR/O&A/2025-26
D	आदेश तिथि/ Date of Order-In-Original	:	21.01.2026
E	जारी करनेकी तारीख/ Date of Issue	:	21.01.2026
F	द्वारापारित/ Passed By	:	Shravan Ram, Additional Commissioner, Customs Ahmedabad.
G	आयातक का नाम औरपता / Name and Address of Importer / Passenger	:	M/s. System Level Solutions(India) Pvt Ltd. Anand -388121
(1)	यह प्रति उन व्यक्तियों के उपयोग के लिए निःशुल्क प्रदान की जाती है जिन्हें यह जारी की गयी है।		
(2)	कोई भी व्यक्ति इस आदेश से स्वयं को असंतुष्ट पाता है तो वह इस आदेश के विरुद्ध अपील इस आदेश की प्राप्ति की तारीख के 60 दिनों के भीतर आयुक्त कार्यालय, सीमा शुल्क(अपील), चौथी मंजिल, हुडको 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 इच्छुक व्यक्ति को 7.5 % (अधिकतम 10 करोड़) शुल्क अदा करना होगा जहां शुल्क या इयूटी 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. SYSTEM LEVEL SOLUTIONS (INDIA) PVT. LTD., Plot No. 32, Phase-I, Zone D-4, GIDC Estate Vithal Udyognagar, Anand-388121 (herein after referred to as “M/s. System Level Solutions” or “the importer”, for the sake of brevity), having Import Export Code Number **0303027614**, are registered with Goods and Services Tax Department with GSTIN **24AAFCS7688J1ZQ**, and have imported goods through Inland Container Depot, Khodiyar, Ahmedabad.

2. Whereas during data analysis, it has been observed that M/s. System Level Solutions have imported “Battery Charger” under Bill of Entry No. 5867218 dated 16.10.2021 [RUD-1 to the SCN] by classifying under Tariff Item 8536 70 00 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 “Battery Charger” 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:

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

4. The imported goods i.e. Static converter 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 blow:

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

		<i>(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).

(I) 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 appeared 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 appeared that the "Battery Charger" 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, "**Battery Charger of Sub-Heading 8504 40**".

4.6 Therefore, it can be inferred from above that when "Battery Charger" 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 20%, Social Welfare Surcharge is 10%. The benefit of Customs Notification No. 57/2017 (Sr. No. 13) dated 30.06.2017 for concessional rate of BCD is not applicable to chargers.

5. Ongoing through the details of the Bills of Entry No. 5867218 dated 16.10.2021, it has been observed that M/s. System Level Solutions has imported "Battery Charger" by classifying under Tariff Item 8536 70 00 of Customs Tariff Act, 1975 and paid Customs Duty (BCD) @ 7.5%, to evade the higher Basic Customs Duty. The Differential Duty worked out as per Table-1 below:

Table-1

Assess Value	Duty Paid (1)			Duty Payable			Differential Duty payable			
	BCD @7.5%	SWS @10% of	IGST @18%	BCD @20%	SWS @10% of	IGST @18%	BCD	SWS	IGST	Total

		BCD			BCD					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)= (5)-(2)	(9)= (6)-(3)	(10)= (7)-(4)	(11)= (8+9+10)
1053869	79040	7904	205346	210774	21077	231430	131734	13173	26083	170990
1053869	79040	7904	205346	210774	21077	231430	131734	13173	26083	170990

5.1 Whereas, M/s. System Level Solutions was *inter-alia* informed vide letter F. No. VIII/48-21/ICD/DAC-03-2023-24/2024 dated 22.02.2024 issued by the Proper Officer at ICD Khodiyar **[RUD-2 to the SCN]** that Electric Transformer and other machines and apparatus 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. Battery Charger is classifiable in CTH 8504.40.30 with Basic Customs Duty 20%, Social Welfare Surcharge 10% and Integrated Goods and Services Tax 18%. It was further informed that they had imported “Battery Charger” under Bill of Entry as referred above and paid 7.5% Basic Customs Duty, 10% Social Welfare Surcharge and 18% Integrated Goods and Services Tax, which has resulted in short levy of duty of **Rs. 1,70,990/-**. Accordingly, M/s. System Level Solutions 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. System Level Solutions 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 appeared that the Sub-Heading 8504.40 of the Customs Tariff Act, 1975 covers “Battery Charger”. 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, **“Battery Charger of Sub-Heading 8504.40”**. Therefore, M/s. System Level Solutions, classified their goods under Tariff Item 8536 70 00 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, appeared that M/s. System Level Solutions 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 misclassification 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 the show cause notice. The details of Customs Duty required to be paid and the amount of Customs Duty short paid by M/s. System Level Solutions in respect of said imported goods is detailed in **Annexure-A** to this show cause notice. Thus, **Customs Duty of Rs. 1,70,990/-** (BCD Rs. 1,31,734/- + SWS Rs. 13,173/- + IGST Rs. 26,083/-) on the said imported goods cleared under Bill of Entry mentioned in **Annexure-A** to the 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. 10,53,869/-** 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. System Level Solutions 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 has been short levied and short paid by reason of willful mis-statement and suppression of facts on

the part of M/s. System Level Solutions, which appeared 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. System Level Solutions appeared to be liable for penalty under Section 114AA of the Customs Act, 1962.

7.8 M/s. System Level Solutions 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 IGST 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. System Level Solutions failed to comply with the directions and liable for penalty under Section 117 of the Customs Act, 1962.

8. In view of above a Show cause Notice F.No.VIII/10-266/ICD-KHOD/O&A/HQ/2024-25 dated 09-07-2025 was issued to M/s. SYSTEM LEVEL SOLUTIONS (INDIA) PRIVATE LIMITED, Plot No. 32, Phase-I, Zone D-4, GIDC Estate Vithal Udyognagar, Anand-388121, wherein they were called upon to show cause to the Additional Commissioner of Customs, having his office at 2nd Floor, Custom House, Navrangpura, Ahmedabad, as to why:

- (a) The declared classification of the imported goods "Battery Charger" under Customs Tariff Item 8536 70 00 of the First Schedule to the Customs Tariff Act, 1975, imported under Bill of Entry 5867218 dated 16.10.2021 by M/s. SYSTEM LEVEL SOLUTIONS (INDIA) PRIVATE LIMITED, should not be rejected;
- (b) The imported goods "Battery Charger" 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. 10,53,869/- (Rupees Ten Lakh Fifty-Three Thousand Eight Hundred Sixty-Nine 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. 1,70,990/- (Rupees One Lakh Seventy Thousand Nine Hundred Ninety Only)** (BCD Rs. 1,31,734/- + SWS Rs. 13,173/- + IGST Rs. 26,083/-) short paid, as detailed in **Annexure-A** to this Show Cause Notice, should not be demanded and recovered from M/s. SYSTEM LEVEL SOLUTIONS

- (INDIA) PRIVATE LIMITED 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

The Noticee submitted their first written reply vide letter dated 04.08.2025 received in this office on 19.08.2024. In this letter they submitted that they had imported item Charging gun connector which is a raw material essential for the manufacturing of Chargers at their business premises located at GIDC Vallabh Udhyog Nagar ,Anand,Gujarat. They further submitted that these components are not final products but integral parts used in assembling the AC-DC chargers manufactured by them at the aforesaid location. They further submitted and clarified that the imported goods were charging guns and cables and not battery chargers as alleged. They had declared and classified the goods in good faith based on the commercial invoice and product specifications. The goods were valued properly and were accompanied by all necessary import documents. They submitted that they have complied with all applicable provisions under the Customs Act,1962, the Customs Tariff Act ,1975 and the Import Trade Classification (ITC-HS) 2022. They further submitted that HSN 85367000 covers "Connectors for optical fibres, bundles or cables." In their case the Charging gun connectors may be classified under appropriate HSN codes relevant to electrical apparatus or EV charging equipment , not under battery charger categories. They further submitted that therefore they have classified the imported items correctly under HSN 85367000 as it covers the Charging gun connectors imported separately as a raw

material for their finished goods EV chargers. Lastly they requested to consider their this submission, and further that if any procedural lapse or classification ambiguity has occurred , it was un intentional and without any willful mis statement or intent to evade duty. Lastly they requested to withdraw the SCN and to close the case favourably.

They further submitted their second detailed written reply vide letter dated 13.10.2025. In this reply they interalia submitted that the goods imported vide bill of entry No.5867218 dtd 16.10.2021 are “ Charging Guns with cable” , which form part of the EV charging system manufactured by them. They submitted their point wise reply on the following points which is as under:-

a- Description and function of the goods: The imported goods are EV Charging guns with cable , used to connect the out put of an EV Charger to the charging inlet of an electric vehicle. Each set comprises of a connector(gun) containing metal contact pins, mechanical latch and insulation body, and an attached cable connecting to the output terminal of the main charger. These goods do not contain any electronic components, control circuits or power conversion devices. They are purely electromechanical connectors used for safe transmission of power and signals from EV charger to the Vehicle.

b- The Goods are not battery Chargers: They submitted that the primary function of a “battery charger” (Heading 8504) is to convert electrical energy –typically from AC to DC- and regulate voltage/current for charging batteries. In contrast, the charging gun and cable: - Perform no electrical conversion. Cannot function independently to charge battery and operate only as a part of the EV Charger system, acting as the interface between charger and vehicle. They submitted that these goods cannot be considered a charger within the meaning of Heading 8504.They also submitted a comparative analysis between a “Battery Charger” and a “Charging Gun with a cable” .

c- Correct classification under Heading 85367000:- They submitted that the relevant CTH 85367000 –“Connectors for electrical circuits”. HSN explanatory Notes support “This heading covers electrical apparatus for switching or protecting electrical circuits, or for making to or in electrical circuits (e.g. plugs, sockets ,connectors). It also covers connectors fitted with cables”. This exactly describes the imported product – a connector fitted with cable for making electrical connections.

d- Technical Standard Confirmation (IEC 62196):- They submitted that As per IEC 62196, by international standard definition, the charging gun is a connector , not a charger.

e- Industry and Trade Practice:- Major EV charger manufacturers and importers in India(ABB, Delta, Exicom, Tata Power etc) have consistently classified EV charging guns under 8536 or 8544 as connectors with cable. The customs field formations have accepted this classification in regular imports without dispute. They further submitted that there is no instance of treating a charging gun as a “battery charger”.

f- International Precedents :- In the EU TARIC and US CBP Rulings , EV charging cables fitted with connector are classified under 8536 or 8544 , not as chargers 8504.

g- Application of General rules for Interpretation(GRI):- They submitted that as per GRI 1, classification is determined by the terms of the headings and relevant Section/Chapter Notes. The essential function of the imported item is making a connection; and it does not satisfy the scope of 8504 (no conversion or rectification). Hence 85367000 is the most appropriate and specific heading.

Lastly they submitted that the imported goods are correctly classified as “Electrical Connectors (Charging Gun with Cable)” under 85367000. They requested to accept the declared classification and drop all demands and penal proceedings.

10 PERSONAL HEARING:

The Personal Hearing in the matter was held on 16.10.2025 online in virtual mode. Shri Akif Vhora attended the above PH on behalf of M/s System Level Solutions (India) Pvt Ltd. Anand, held in virtual mode on 16.10.2025. He reiterated the contents of their written submissions dtd 04.08.2025 and 13.10.2025. He also shared technical photographs of the products in support of their contention. Lastly on the basis of his submission he requested to drop the proceedings initiated vide the impugned SCN. Further vide their e mail dtd 21.11.2025 they submitted the imported products technical details including Data Sheet, Drawing, Brochure, Catalogue, specifications etc. They also submitted clear photographs from various angles of the impugned product.

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

A Whether the declared classification of the imported goods “Battery Charger” under Customs Tariff Item 8536 70 00 of the First Schedule to the Customs Tariff Act, 1975, imported under Bill of Entry 5867218 dated 16.10.2021 by M/s. SYSTEM LEVEL SOLUTIONS (INDIA) PRIVATE LIMITED, should be rejected and whether the imported goods “Battery Charger” should be held appropriately classifiable under Sub-Heading 8504 40 of the First Schedule to the Customs Tariff Act, 1975.

B Whether the imported goods having assessable value of Rs. 10,53,869/- (Rupees Ten Lakh Fifty-Three Thousand Eight Hundred Sixty-Nine Only) as detailed in Annexure-A to the Show Cause Notice, should be held liable for confiscation under Section 111(m) of the Customs Act 1962, and as the said goods had already been cleared, whether redemption Fine in lieu of confiscation should be imposed under Section 125 of the Customs Act, 1962.

C Whether the Customs Duty amounting to Rs. 1,70,990/- (Rupees One Lakh Seventy Thousand Nine Hundred Ninety Only) (BCD Rs. 1,31,734/- + SWS Rs. 13,173/- + IGST Rs. 26,083/-) short paid, as detailed in Annexure-A to the Show Cause Notice, should be demanded and recovered from M/s. SYSTEM LEVEL SOLUTIONS (INDIA) PRIVATE LIMITED under Section 28(4) of the Customs Act, 1962; along with Interest at applicable rate under Section 28AA of the Customs Act, 1962.

D. Whether Penalty should be imposed on them under the provisions of Section 112(a)(ii), Section 114A , Section 114AA and Section 117 of the Customs Act, 1962.

11.2 Now I will discuss each of the above issue. Coming to the first and foremost issue regarding whether the declared classification of the imported goods “Battery Charger” under Customs Tariff Item 8536 70 00 of the First Schedule to the Customs Tariff Act, 1975, imported under Bill of Entry 5867218 dated 16.10.2021 by M/s. SYSTEM LEVEL SOLUTIONS (INDIA) PRIVATE LIMITED, should be rejected and whether the imported goods “Battery Charger”

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 has imported the impugned goods by classifying as 85367000 in their bill of entry Bill of Entry No. 5867218 dated 16.10.2021 and paid Customs Duty (BCD) @ 7.5%, Social Welfare Surcharge @ 10% and IGST @ 18%. The CTH under which the goods were classified by the importer 85367000 covers connectors for optical fibers, optical fiber bundles, or cables. **The Noticee in their defence reply dtd 04.08.2025 has submitted that these are not final products but integral parts used in assembling AC-DC chargers manufactured by them. Thus the first thing about which conclusion can be drawn is that the impugned item is part of the Battery charger.**

Secondly regarding classification, noticee in their reply dtd 04.08.2025 has submitted that these may be classified under HSN codes relevant to electrical apparatus or EV charging equipment and not under battery charger categories. Further I find that in their defence reply dtd 13.10.2025 the Noticee has submitted that Major EV charging manufacturers and importers in India have consistently classified EV charging guns under 8536 or 8544 as “connectors with cable” and no instance exists of treating a charging gun as a “battery charger”. Here I find worth mentioning that the noticee did not submitted any documentary evidence to prove their contention. I also find that they have also cited International Precedents and submitted that in the EU TARIC and US CBP Rulings EV charging cables fitted with connectors are classified under 8536 or 8544 and not as chargers 8504. In view of above I draw my second conclusion that the Noticee is also not sure about proper classification of the impugned product.

Now coming to the classification of the 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:

- (d) 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;*
- (e) 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;*

(f) 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.

- (I) Parts of the engines of heading 84.07 or 84.08 (heading 84.09),*
- (J) Parts of the machinery of headings 84.25 to 84.30 (heading 84.31).*
- (K) Parts of the textile machines of headings 84.44 to 84.47 (heading 84.48).*
- (L) Parts of the machines of headings 84.56 to 84.65 (heading 84.66).*

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

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

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

(P) 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:

(2) 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.”

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, etc.

In view of above facts, I find that the "Battery Charger" i.e. "Static Converters" are goods included in Sub-Heading 8504 40 of the Customs Tariff Act, 1975, and 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 find that 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, **"Battery Charger of Sub-Heading 8504 40"**. Therefore, I find from above that when "Battery Charger" 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. And accordingly I propose to reject the declared classification of the imported goods "Battery Charger" under Customs Tariff Item 8536 70 00 of the First Schedule to the Customs Tariff Act, 1975, imported under Bill of Entry 5867218 dated 16.10.2021 by M/s. SYSTEM LEVEL SOLUTIONS (INDIA) PRIVATE LIMITED, and propose to hold the imported goods "Battery Charger" appropriately classifiable under Sub-Heading 8504 40 of the First Schedule to the Customs Tariff Act, 1975.

11.03 The second issue for deciding is whether the imported impugned goods having assessable value of Rs. 10,53,869/- (Rupees Ten Lakh Fifty-Three Thousand Eight Hundred Sixty-Nine Only) as detailed in Annexure-A to the Show Cause Notice, should be held liable for confiscation under Section 111(m) of the Customs Act 1962, and as the said goods had already been cleared, whether redemption Fine in lieu of confiscation should be imposed under Section 125 of the Customs Act, 1962. In this context I find that 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, I hold the goods valued at Rs. 10,53,869/- imported under the said Bill of Entry 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 impugned imported goods. I also find and hold that since the impugned goods had already been cleared, Redemption Fine in lieu of confiscation is also imposable under Section 125 of the Customs Act, 1962. Here it is worth mentioning here 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 Fertilchem 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 applicable to the facts of the instant case and as such I find and hold that redemption fine is imposable on the subject goods under Section 125 of the Act.

11.04 Now I come to the next issue under consideration which is Whether the Customs Duty amounting to Rs. 1,70,990/- (Rupees One Lakh Seventy Thousand Nine Hundred Ninety Only) (BCD Rs. 1,31,734/- + SWS Rs. **13,173/-**

+ IGST Rs. 26,083/-) short paid, as detailed in Annexure-A to the Show Cause Notice, should be demanded and recovered from M/s. SYSTEM LEVEL SOLUTIONS (INDIA) PRIVATE LIMITED under Section 28(4) of the Customs Act, 1962; along with Interest at applicable rate under Section 28AA of the Customs Act, 1962. I find it worth mentioning here that 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 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 impugned 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. I also find that that noticee 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. I find 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 impugned imported goods without paying appropriate Customs Duty as 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 till date. Accordingly I Find and hold that an amount of Customs Duty of Rs. 1,70,990/- (BCD Rs. 1,31,734/- + SWS Rs. 13,173/- + IGST Rs. 26,083/-) on the impugned imported goods cleared under Bill of Entry mentioned in the show cause notice is liable to be demanded from the Noticee under Section 28(4) of the Customs Act, 1962, by invocation of extended period of five years, and recoverable along with appropriate interest at applicable rate under Section 28AA of the Customs Act, 1962.

11.05 The Next issue for consideration is whether Penalty should be imposed on the Noticee under the provisions of Section 112(a)(ii), Section 114A , Section 114AA and Section 117 of the Customs Act, 1962.

(a) Penalty under Section 112 of the Customs Act, 1962: Section 112 of the Customs Act, 1962 provides for penalty for improper importation of goods according to which,

“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

...

(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of Section 114 A, to a penalty not exceeding ten percent 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;

..."

As the goods were found liable for confiscation, I find that the penalty under Section 112(a)(ii) is imposable. This issue is further clarified and discussed and concluded in subsequent paras.

(b) Penalty under Section 114A of the Customs Act, 1962: 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.”

As discussed in the previous paras I find that the Customs duty in the present case has been short levied and short paid by reason of willful mis-statement and suppression of facts on the part of Noticee , and which have made them liable for penalty under Section 114A of the Customs Act, 1962. I find that they have willfully suppress material facts from the concerned authorities with intent to evade government revenue. Due to this intent, I find that the noticee is liable to penalty under Section 114A of the Customs Act, 1962. And accordingly I impose penalty of Rs 170990/ equal to duty demanded, on them under Section 114A of the Customs Act, 1962.

As regards Penalty under Section 112. The SCN also proposes imposition of penalty under Section 112 of the Customs Act, 1962. In this regard it is to mention that the fifth proviso to section 114A of the Custom Act 1962 provides that penalty under Section 112 shall not be levied if penalty under Section 114A of the Custom Act 1962 has been imposed and 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.”

In the instant case as discussed earlier , I have found 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. And accordingly I refrain from imposing penalty on them under Section 112 of the Customs Act, 1962.

(c) Penalty under Section 114AA of the Customs Act, 1962

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 Noticee 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, 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 also 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.”

Here I find that since express penalties have already been imposed under Section 114A and 114AA, in view of this, I Refrain from imposing 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 “Battery Charger” under Customs Tariff Item 8536 70 00 of the First Schedule to the Customs Tariff Act, 1975, imported under Bill of Entry 5867218 dated 16.10.2021 by M/s. SYSTEM LEVEL SOLUTIONS (INDIA) PRIVATE LIMITED.
- (b) I hold the imported goods “Battery Charger” 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. 10,53,869/- (Rupees Ten Lakh Fifty-Three Thousand Eight Hundred Sixty-Nine 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 said goods had already been cleared, I order to impose a Redemption Fine of **Rs 100,000/- (Rupees One Lakhs only)** in lieu of confiscation under Section 125 of the Customs Act, 1962.
- (d) I Confirm the demand of Customs Duty amounting to **Rs. 1,70,990/- (Rupees One Lakh Seventy Thousand Nine Hundred Ninety Only)** (BCD Rs. 1,31,734/ +SWS Rs. 13,173/ + IGST Rs. 26,083/-) short paid, as detailed in **Annexure-A** to the Show Cause Notice, and order to recover the same from M/s. SYSTEM LEVEL SOLUTIONS (INDIA) PRIVATE LIMITED under Section 28(4) of the Customs Act, 1962.
- (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 from the Noticee.
- (f) I Refrain to impose Penalty on them under the provisions of Section 112(a)(ii) of the Customs Act, 1962.

- (g) I order to impose penalty of **Rs 1,70,990(Rupees One Lakh seventy Thousand)** penalty equal to the Duty demanded and confirmed above on the noticee on them under Section 114A of the Customs Act, 1962. I give an option, under proviso 114A to the noticee to pay 25% of the amount of total penalty imposed, subject to the payment of total duty amount and interest confirmed and **the amount of 25% of penalty imposed within 30 days of receipt of this order**
- (h) I order to impose Penalty of **Rs.50,000/-(Rupees Fifty Thousand only)** on them under Section 114AA of the Customs Act, 1962;
- (i) I Refrain to impose Penalty on them under Section 117 of the Customs Act, 1962.

13. The Show Cause Notice bearing F. No. VIII/10-266/ICD-Khod/O&A/HQ/2024-25 dated 09.07.2025 is disposed of in above terms.

(SHRAVAN RAM)

Additional Commissioner

DIN: 20260171MN00006606A4

F. No. VIII/10-266/ICD-Khod/O&A/HQ/2024-25

Date: **21.01.2026**

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

TO,

M/S. SYSTEM LEVEL SOLUTIONS (INDIA) PRIVATE LIMITED,
PLOT NO. 32, PHASE-I, ZONE D-4, GIDC ESTATE
VITHAL UDYOG NAGAR, ANAND-388121

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.