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CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS

Customs advance rulings in India: certainty before you import

A customs advance ruling is a written decision from the Customs Authority for Advance Rulings (CAAR) on your goods' classification, an exemption, valuation principles or origin, given before you import. Since the Finance Act, 2026, a ruling holds for five years, or until the law or facts change, under section 28J(2) of the Customs Act, 1962.

A CUSTOMS ADVANCE ruling is a written decision from CAAR on a question you raise about specific goods before you import or export them, as section 28E(b) of the Customs Act defines it. Section 28H(2) lists what you can ask about: classification, exemptions, valuation principles, other duties and origin.

KEY FACTS

LAW

Customs Act, 1962

TARIFF

Customs Tariff Act, 1975

VALUATION

Customs Valuation Rules, 2007

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What is a customs advance ruling?

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What you can ask CAAR (section 28H(2) of the Customs Act, 1962)

Clause	What the question can be about
(a) Classification	The tariff item, often called the HS code, under the Customs Tariff Act, 1975
(b) Exemptions	Whether a section 25(1) exemption notification bearing on the rate of duty applies
(c) Valuation	The principles for valuing the goods under the Customs Act
(d) Other duties	Whether notifications on customs duties, or on other taxes charged like customs duty, apply
(e) Origin	Origin under the rules notified under the Customs Tariff Act, 1975
(f) Other matters	Any other matter the central government notifies

CAAR is the Customs Authority for Advance Rulings appointed under section 28EA of the Customs Act (section 28E(e)). This guide cites the Act as the Central Board of Indirect Taxes and Customs (CBIC) publishes it, as of November 7, 2026. For what you pay at the border, see our guide to customs in India.

Three of these subjects have guides of their own: customs valuation and related-party imports, claiming a trade agreement rate under CAROTAR and concessional duty for a specified end use under IGCR.

Who can apply for a customs advance ruling?

Three kinds of applicant can ask CAAR for a customs advance ruling under section 28E(c): a holder of a valid Importer-Exporter Code (IEC), anyone exporting goods to India, and anyone with a justifiable cause the Authority accepts. A foreign exporter can apply through a person resident in India whom it authorizes, under section 28H(5).

A foreign exporter's representative must be resident in India as the Income-tax Act, 1961 defines it (section 28H(5) and its explanation).

Many pages still say only non-residents and joint ventures can apply. Before March 29, 2018, the Act limited applicants to joint ventures, wholly owned Indian subsidiaries of foreign companies and notified classes of residents. The Finance Act, 2018 replaced that with today's three classes (footnote 4 to section 28E in CBIC's text).

What questions will CAAR not take?

CAAR won't allow an application if the question is already pending in your case before a customs officer, the Appellate Tribunal or a court, or if the Tribunal or a court has already decided it. Both limits are in section 28I(2) of the Customs Act. CAAR must hear you and give reasons before it rejects.

So an advance ruling is a tool for before a dispute, not during one.

On your request, CAAR hears you in person or through an authorized representative before it rules (section 28I(5)). You can withdraw an application at any time before the ruling is pronounced (section 28H(4)).

How long does a ruling take, and how long does it last?

The Customs Act gives CAAR three months from receiving an application to pronounce its ruling in writing, under section 28I(6). A customs advance ruling then stays valid for five years, or until the law or the facts behind it change, whichever comes first. Section 148 of the Finance Act, 2026 raised the term from three years.

Advance ruling validity (section 28J(2) of the Customs Act, 1962)

Ruling given	Validity	Source
Under the rule before the Finance Act, 2026	3 years, or until the law or facts change, whichever is earlier	Section 28J(2) as substituted by section 93 of the Finance Act, 2022 (CBIC's text of March 30, 2022)
From April 1, 2026	5 years, or until the law or facts change, whichever is earlier	Section 28J(2), amended by section 148 of the Finance Act, 2026, dated March 30, 2026 (in force April 1, 2026, CBIC's note)
In force on the date the Finance Bill, 2026 received assent	5 years from the date of the ruling, once you ask CAAR to extend it	Section 28J(2), proviso

The extension isn't automatic. The proviso says the Authority shall extend the ruling "upon a request by the applicant", and the five years run from the ruling's own date, not from your request.

Three months is the limit the Act sets for CAAR, not a date anyone can promise you. A ruling can also end early: CAAR can declare it void from the start if it was obtained by fraud or misrepresentation of facts (section 28K(1)).

Whom does a CAAR ruling bind?

A CAAR ruling binds only the applicant who sought it, on the question it answers, and the Principal Commissioner or Commissioner of Customs and the officers under them, in respect of that applicant. That is section 28J(1) of the Customs Act. It doesn't bind customs in another importer's case.

Different ports can still read the same goods differently. Customs picks entries to verify mainly by risk evaluation (section 17(2), proviso). Under Circular No. 40/2020-Customs, an entry may go to a faceless assessment group at another port. Circular No. 45/2026-Customs records "divergent assessment practices" on battery storage systems (paragraph 2).

Section 28J(1) names "the applicant who had sought it". Where a foreign exporter applies and an Indian company imports the goods, the section doesn't say how the ruling applies to the importer's entries. Indian customs for foreign companies covers who imports and who pays.

Where can you read past advance rulings?

CBIC's "National Assessment Centre (NAC) Portal", at naccustoms.gov.in, publishes CAAR rulings, NAC decisions, legal decisions, audit objections and advisories. CBIC opened it with Circular No. 41/2026-Customs of September 3, 2026. Traders and other stakeholders can search it by keyword and download documents from any secure web browser (paragraph 3).

The NACs were set up under Circular 40/2020 to keep assessment uniform and consistent across customs formations (Circular 41/2026, paragraph 1). A past ruling binds only its own applicant, but it shows how CAAR reasoned on goods like yours.

What happens if customs re-classifies your goods at assessment?

Customs can re-assess your duty under section 17(4) of the Customs Act when an officer finds your self-assessment wrong, such as the tariff item you chose. If you don't accept the re-assessment in writing, the officer must pass a speaking order, a reasoned written order, within fifteen days of the re-assessment (section 17(5)).

A wrong classification can also bring a demand for the short-paid duty, within two years of the relevant date, or five years where there was collusion, "wilful mis-statement" or suppression of facts (section 28(1)(a) and (4)). Interest runs at 15% a year (Notification No. 33/2016-Customs (N.T.)). Goods that don't match the bill of entry in value or any other particular can be confiscated (section 111(m)), and the penalty can reach 10% of the duty evaded or ₹5,000,

whichever is higher (section 112(ii)). Where duty went short through collusion, "wilful mis-statement" or suppression of facts, section 114A sets a penalty equal to the duty instead, and no section 112 penalty is added (its fifth proviso).

Customs show cause notices, penalties and appeals covers the notice and the appeal.

How does CBIC settle disputed scope?

CBIC settles disputed scope by circular. On October 9, 2026, Circular No. 45/2026-Customs, from the Finance Ministry's Tax Research Unit, said stationary, grid-scale and industrial lithium-ion battery energy storage systems are not "power banks" under Notification No. 45/2025-Customs. So the power bank exclusion doesn't take them out of the 10% concessional rate of basic customs duty.

The entry is S. No. 325 of Table I of Notification No. 45/2025-Customs of October 24, 2025. It sets 10% basic customs duty on tariff item 8507 60 00, against a tariff rate of 20%. It leaves out battery packs for making electric or hybrid vehicles, batteries of cellular mobile phones and power banks (Circular 45/2026, paragraph 1).

Some field formations had treated battery storage systems as power banks and denied the 10% rate (paragraph 2). The circular says a power bank is a lithium-ion device with charging and discharging ports, designed as an external charger for cellular mobile phones or portable electronic devices (paragraph 3). See Battery energy storage and the 10% customs duty.

Circular 45/2026 is addressed to all Chief Commissioners and Commissioners of Customs, while an advance ruling answers one applicant's question. New circulars appear in our Customs tracker.

Can you appeal a customs advance ruling?

Section 28KA of the Customs Act provides an appeal against a CAAR ruling or order to the High Court, within sixty days of its communication, by you or by an officer CBIC authorizes. CBIC's

text of section 28KA notes that it takes effect from a date the government notifies. We found no such notification by November 7, 2026.

The High Court may allow thirty more days for sufficient cause (section 28KA(1), proviso). The section has named the High Court since April 4, 2021 (footnote 2 of CBIC's text).

Some pages describe an appeal to an appellate authority on Form CAAR-2. The Act's current text names the High Court. Until the start date is settled, take advice before a deadline runs.

How IndusDesk helps with customs advance rulings

We watch the authorities, tell you what each change means for your products and plans, represent you while a decision is still open, and carry the work through, with every step on record in your workspace.

On an advance ruling, we help you frame the question and the facts for the application, and read a ruling against the rest of your product range.

Regulatory & trade advisory →

Rule exposure audit →

Talk to our desk about an advance ruling Message us on WhatsApp

Latest notices and insights

- Grid-scale battery storage systems are not "power banks" for the 10% duty rate (Notice, October 9, 2026)
- Stationary battery storage gets 10% concessional duty (Insight, October 9, 2026)

- CBIC launches the National Assessment Centre portal for trade at naccustoms.gov.in (Notice, September 3, 2026)

Frequently asked questions

Can a foreign company apply for a customs advance ruling?

Yes. Section 28E(c)(ii) of the Customs Act lets anyone exporting goods to India apply, and section 28H(5) lets the exporter be represented by a person resident in India whom it authorizes. The Act doesn't ask the exporter to have an Indian entity.

Is a CAAR ruling binding at every port?

Section 28J(1) makes a ruling binding on the applicant, and on the Principal Commissioner or Commissioner of Customs and the customs authorities under them, in respect of the applicant. The section doesn't list ports. It binds no other importer.

Can I extend my three-year advance ruling to five years?

Yes, if the ruling was in force on the date the Finance Bill, 2026 received assent. Ask CAAR, and under the proviso to section 28J(2) it extends the ruling to five years from the ruling's own date.

Can I withdraw an advance ruling application?

Yes, at any time before CAAR pronounces its ruling (section 28H(4) of the Customs Act).

Sources

- Customs Act, 1962, section 28E: definitions, clauses (b), (c) and (e), with footnote 4 (the applicant classes before March 29, 2018), CBIC's consolidated text
- Customs Act, 1962, section 28H: application for advance ruling, sub-sections (2), (4) and (5), CBIC's consolidated text

- Customs Act, 1962, section 28I: procedure on receipt of application, sub-sections (1), (2) with its provisos, (5) and (6), CBIC's consolidated text
- Customs Act, 1962, section 28J: applicability of advance ruling, sub-sections (1) and (2) with its proviso and footnotes 3 and 4 (section 148 of the Finance Act, 2026), CBIC's consolidated text
- Customs Act, 1962, as CBIC published it on March 30, 2022, section 28J(2): "shall remain valid for three years", as substituted by section 93 of the Finance Act, 2022 (the term before the Finance Act, 2026)
- Customs Act, 1962, section 28K: advance ruling to be void in certain circumstances, sub-section (1), CBIC's consolidated text
- Customs Act, 1962, section 28KA: appeal, sub-section (1) with its proviso and footnotes 1 and 2, CBIC's consolidated text
- Customs Act, 1962, section 17: assessment of duty, sub-sections (2), (4) and (5), CBIC's consolidated text
- Customs Act, 1962, section 28: recovery of duties not levied or short-levied, sub-sections (1) (a) and (4), CBIC's consolidated text
- Customs Act, 1962, section 111(m): confiscation of improperly imported goods, CBIC's consolidated text
- Customs Act, 1962, section 112(ii): penalty for improper importation of goods, CBIC's consolidated text
- Customs Act, 1962, section 114A: penalty for short-levy or non-levy of duty in certain cases, with its first and fifth provisos, CBIC's consolidated text
- Notification No. 33/2016-Customs (N.T.), March 1, 2016: rate of interest under section 28AA
- Circular No. 40/2020-Customs, September 4, 2020: All India roll-out of Faceless Assessment
- Circular No. 41/2026-Customs, September 3, 2026: "National Assessment Centre (NAC) Portal for Trade", paragraphs 1 to 4 (PDF, 440 KB)
- Circular No. 45/2026-Customs, October 9, 2026: scope of the term "Power Bank" under S. No. 325 of Table I of Notification No. 45/2025-Customs, paragraphs 1 to 3 (PDF, 77 KB)
- Notification No. 45/2025-Customs, October 24, 2025: effective rates of customs duty, IGST and compensation cess, Table I, S. No. 325

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