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CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS

IGCR rules: concessional customs duty tied to end use

The IGCR Rules, 2022 (Import of Goods at Concessional Rate of Duty) apply when a customs exemption depends on how you use the imported goods. You register once in Form IGCR-1, give a continuity bond, file a quarterly IGCR-3 statement (quarterly since February 2, 2025) and account for every unit you import, use, send out or return.

A CUSTOMS EXEMPTION is a notification under section 25(1) of the Customs Act, 1962 that removes all or part of the duty on the goods it describes, with or without conditions. A conditional exemption ends on the March 31 that falls two years after its grant, unless the notification says otherwise.

KEY FACTS

LAW
Customs Act, 1962

TARIFF
Customs Tariff Act, 1975

VALUATION
Customs Valuation Rules, 2007

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How do customs exemptions work in India?

A customs exemption is a notification under section 25(1) of the Customs Act, 1962 that removes all or part of the duty on the goods it describes, with or without conditions. A conditional exemption ends on the March 31 that falls two years after its grant, unless the notification says otherwise.

Section 25(4A) sets that two-year limit (section 25 of the Customs Act). Its second proviso, in force since April 1, 2023 under Notification No. 21/2023-Customs (N.T.), keeps some exemptions outside it, such as those under a trade agreement or a Foreign Trade Policy scheme.

Exemptions are one part of our guide to customs in India.

Which notification sets the effective rates now?

Notification No. 45/2025-Customs, dated October 24, 2025, is now the main customs exemption notification. It replaced 31 earlier exemption notifications, including No. 50/2017-Customs, and sets the effective rates of customs duty, IGST and compensation cess. Budget 2026 changed it from February 2, 2026: it extended 93 entries from March 31, 2026 to March 31, 2028.

Exemption notifications that matter in 2026, by each one's own date

Notification	Date	What it did	Source
No. 45/2025-Customs	October 24, 2025; in force November 1, 2025	Replaced 31 exemption notifications, 50/2017 among them	45/2025, preamble, paragraph 2
No. 02/2026-Customs	February 1, 2026; in force February 2, 2026	Dropped many entries of 45/2025 from April 1 or May 1, 2026; extended 93 entries from March 31, 2026 to March 31, 2028	02/2026, Table I

No. 11/2026-Customs	March 31, 2026; in force April 1, 2026	Lower duty on SEZ goods cleared into India, to March 31, 2027	11/2026, paragraphs 1, 3, 4
No. 14/2026-Customs	April 30, 2026; in force May 1, 2026	New tariff item numbers in 23 notifications, to match the Finance Act, 2026	14/2026, paragraph 1

Later changes are in our insights, such as the cotton exemption extended to December 31, 2026 and the duty cut on crude and refined edible oils. New exemption notifications are listed in our Customs tracker.

When do the IGCR Rules apply?

The IGCR Rules, 2022 apply in two cases, under rule 2. The first is a notification that says the rules must be followed. The second is a benefit that depends on using the imported goods for manufacture, for an output service or for another end use the notification sets. IGCR means Import of Goods at Concessional Rate of Duty.

Rule 2(b) reaches a benefit that is "dependent upon the use of the goods imported being covered by that notification" (rule 2). The official texts read for this guide don't settle whether the rules bind you when an end-use notification never mentions them. A customs advance ruling can answer whether a section 25 notification applies to your goods (section 28H(2)(b)).

Under MOOWR, manufacturing in a bonded warehouse, duty on inputs is paid when the finished goods are cleared into India. Advance Authorization and EPCG, schemes of the Directorate General of Foreign Trade (DGFT), are separate, with guides of their own.

How do you import under the IGCR Rules?

Importing under the IGCR Rules takes five steps. You file Form IGCR-1 once on the common portal and get an IGCR Identification Number. You give a continuity bond and import at the concessional rate. Then you keep an account and report it in an IGCR-3 statement, which has been quarterly since February 2, 2025.

1. File Form IGCR-1 once

Give your name and address, any job worker, the goods you make, the inputs, the notification and the ports. You get an IGCR Identification Number, or IIN (rule 4(1) and (2)).

2. Give a continuity bond

Give it to the Deputy or Assistant Commissioner for the premises where you'll use the goods. It carries your undertaking to pay the duty difference, with interest (rule 4(3)).

3. Import at the concessional rate

Give your IIN and continuity bond number on the bill of entry (rule 5(1)). Update Form IGCR-1 if its details change (rule 4(2)).

4. Keep an account of every unit

Record what you imported, used, sent out or re-exported, and what you still hold (rule 6(1)).

5. File the IGCR-3 statement each quarter

Submit it on the common portal by the tenth day of the next quarter (rule 6(2), as amended by Notification No. 07/2025-Customs (N.T.), paragraph 3). The compiled rule on the website of the Central Board of Indirect Taxes and Customs (CBIC) still says monthly.

Can IGCR goods go to a job worker?

IGCR goods can go to a job worker under an invoice or e-way bill and stay there for up to one year from that document's date, under rule 7(3) of the IGCR Rules. The limit was six months until Notification No. 07/2025-Customs (N.T.) raised it from February 2, 2025. CBIC's compiled rule still prints six months.

You stay responsible. If you can't show the goods sent out were used as declared, the officer acts against you under rules 11 and 12 (rule 7(4)). The job worker keeps its own account of goods received, processes and waste (rule 7(5)).

What if you don't use the goods in time?

Unused or defective IGCR goods must be re-exported or cleared on payment of duty within the time the notification sets, or within one year of import where it sets none. One year has applied since February 2, 2025, under Notification No. 07/2025-Customs (N.T.); it was six months before.

Re-exported goods can't be valued below their value at import. If you clear them for home use instead, you pay the duty with interest on the common portal (rule 10(2) and (3)).

Capital goods used for the notified purpose can later be cleared on paying the duty difference, with interest, on a value depreciated from the date they came into use (rule 10(4)).

Depreciation under rule 10(4); part of a quarter counts as a full one

Period of use	Depreciation allowed
First year	4% for each quarter
Second year	3% for each quarter
Third year	3% for each quarter
Fourth and fifth years	2.5% for each quarter
After the fifth year	2% for each quarter

What concession applies to SEZ goods cleared into India?

Notification No. 11/2026-Customs gives goods made in a Special Economic Zone (SEZ) and cleared into the rest of India, the domestic tariff area, a lower rate of duty from April 1, 2026 to March 31, 2027. The SEZ unit must have started production by March 31, 2025.

Units in a Free Trade and Warehousing Zone are left out, and so are goods imported into the SEZ and removed as they are or after use (Notification No. 11/2026-Customs, paragraph 1). Its two tables set the rates by chapter, heading or tariff item.

How IndusDesk helps with customs exemptions

We check which entries of Notification No. 45/2025-Customs your products rely on, and which of those end on March 31, 2028. Where you import under the IGCR Rules, we set up the accounting with your team. Where an entry you rely on is due to end, we prepare your representation.

Public policy & advocacy →

Regulatory & trade advisory →

Rule exposure audit →

Talk to our desk about IGCR Message us on WhatsApp

Latest notices and insights

- Customs updates tariff entries in 23 earlier notifications from May 1, 2026 (Notice, April 30, 2026)
- Concessional customs duty for SEZ goods cleared to the DTA until March 2027 (Notice, March 31, 2026)
- Basic customs duty exemptions amended: many end May 1, 2026, others run to 2028 (Notice, February 1, 2026)

Frequently asked questions

Is the IGCR-3 statement monthly or quarterly?

Quarterly, since February 2, 2025, under Notification No. 07/2025-Customs (N.T.). CBIC's compiled text of rule 6(2) still prints monthly, so cite the notification.

How long can IGCR goods stay with a job worker?

Up to one year from the date of the invoice or e-way bill, under rule 7(3) of the IGCR Rules as amended from February 2, 2025. Before that date the limit was six months.

Is Notification 50/2017-Customs still in force?

No. Notification No. 45/2025-Customs superseded it, with 30 other exemption notifications, from November 1, 2025, except for things done before then. Current effective rates are in 45/2025 as amended.

Sources

- Customs Act, 1962, section 25: power to grant exemption from duty, sub-sections (1) and (4A) (CBIC's consolidated text, read November 7, 2026; it marks the second proviso of (4A), inserted by section 128 of the Finance Act, 2023, "to be notified", but Notification No. 21/2023-Customs (N.T.) of March 31, 2023 brought section 128 into force on April 1, 2023)
- Customs Act, 1962, section 28H: application for advance ruling, sub-section (2)(b) (CBIC's consolidated text, read November 7, 2026)
- Notification No. 45/2025-Customs, October 24, 2025: effective rates of customs duty, IGST and compensation cess, preamble and paragraph 2
- Notification No. 02/2026-Customs, February 1, 2026: Budget 2026 changes to Notification No. 45/2025-Customs (PDF, 368 KB)
- Notification No. 11/2026-Customs, March 31, 2026: concessional duty for SEZ goods cleared to the domestic tariff area, paragraphs 1 to 4 (PDF, 652 KB)

- Notification No. 14/2026-Customs, April 30, 2026: customs notifications aligned with the Finance Act, 2026 (PDF, 505 KB)
- Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022, rule 2: application (CBIC's consolidated text)
- IGCR Rules, 2022, rule 4: one-time prior information and the continuity bond (CBIC's consolidated text)
- IGCR Rules, 2022, rule 5: procedure, the IIN and bond number on the bill of entry (CBIC's consolidated text)
- IGCR Rules, 2022, rule 6: records and the IGCR-3 statement (CBIC's consolidated text, which still prints "monthly")
- IGCR Rules, 2022, rule 7: job work (CBIC's consolidated text, which still prints six months)
- IGCR Rules, 2022, rule 10: unused, defective and capital goods (CBIC's consolidated text, which still prints six months)
- Notification No. 07/2025-Customs (N.T.), February 1, 2025: IGCR Amendment Rules, 2025, in force February 2, 2025, paragraphs 3, 4 and 7

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