

A low-angle, upward-looking photograph of a classical building facade. The image shows several tall, fluted columns supporting a heavy entablature. The sky is overcast and grey. The text is overlaid on the left side of the image.

# AMICUS ALERT: FACELESS ASSESSMENT PROCEDURE UNDER CUSTOMS REGULATIONS

16<sup>th</sup> August 2021

Recently, the Central Board of Indirect Taxes and Customs through an Administrative Circular (**Circular No.14/2021-Customs dated July 7, 2021**) improvised the procedure for Faceless Assessment rolled out on PAN India basis with effect from September 4, 2020.

Faceless Assessment (*also referred to as virtual or anonymised assessment*) is based on the concept of 'Customs Automated System' assigning the 'Bill of Entry' to an officer physically located at a Customs station different from the port of import. The concept deploys a technology platform to separate Customs assessment process from the physical location of the Customs officer at the port of arrival. Faceless Assessment would enable uniform, anonymous Customs assessments reducing interface between assessee and Customs officers. The main objectives of Faceless Assessment are to –

- Anonymize the assessment process by removing the physical interface with Customs Officers
- Ensure uniformity of assessment across locations by promoting sector specific and functional specialization
- Ensure efficient utilization of manpower and resources for Customs Department by automation of the end-to-end clearance process

## Launch of Faceless Assessment under Customs -

Faceless Assessment has been launched in India in phased manner. Brief Summary is provided below—

- i. The 1st phase of Faceless Assessment began from June 8, 2020 at Bengaluru and Chennai Customs Zones for clearances of imported goods<sup>1</sup>;
- ii. The 2nd phase was rolled out in Delhi and Mumbai with effect from August 3, 2020<sup>2</sup>.
- iii. PAN India roll out of Faceless Assessment from September 4, 2020 for **clearances of all imported goods at all ports of import/Custom Stations.**

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1. Goods primarily covered by Chapters 84 and 85 of the Customs Tariff Act, 1975

2. Goods falling under the Chapters 50 to 71, 84, 85 and 86 to 92 of the Customs Tariff Act, 1975 at Customs formations in Chennai, Bengaluru, Delhi and at Customs formations in Mumbai, for goods failing under the Chapter 29 of the Customs Tariff Act, 1975

## Below is a snapshot of procedure to be followed by Faceless Assessment Group ('FAG')–

- i. The importer shall present the Bill of Entry along with other relevant documents on the common E-Portal (ICEGATE).
- ii. Thereafter, the Bill of Entry would be assigned to an officer of FAG as proposed by Custom Automated System for assessment/verification.
- iii. On verification, the FAG will either (a) seek additional documents, if required, or (b) return the Bill of Entry for payment of Duty (*based on self assessment of importer*) or (c) it may send the goods for examination and/or testing purpose, for determination of duty liability based thereon.
- iv. If additional documents are submitted, then FAG will thereafter scrutinise the same and then shall either return the **bill of entry to the importer for payment of duty or issue a speaking order<sup>3</sup> if a re-assessment is undertaken by FAG.**

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3. Under Section 17(5) of the Customs Act

- iv. Where the FAG refers for examination or testing of the goods, the same shall be done by Shed Officer<sup>4</sup> at the port of import.
- v. After receiving the test results of testing, the shed officer will submit the same with FAG and based on that FAG will decide that whether Bill of Entry should be returned for payment of Duty or whether the goods should be confiscated.<sup>5</sup>

It is pertinent to mention here that an Appeal against an Order<sup>6</sup> passed by FAG would lie with the Commissioner of Customs (Appeals) having jurisdiction over the port of import i.e. where the import actually happened.

**CBIC has recently improvised the Faceless Assessment process [*through Administrative Circular (vide Circular No.14/2021-Customs dated July 7, 2021)*], to expedite custom clearances. Below is a snapshot of the recent changes -**

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4. Shed Officers supervise examination of goods at the shed/dock at the time of import/export of goods.

5. Under Section 124 of Customs Acts

6. Under Section 17(5) of Customs Act

Sl. No.	Old Procedure followed by Authorities	New Procedure followed by Authorities
1	No fixed time limit to communicate infirmities relating to Bill of Entry.	FAG shall communicate the 'first decision' on the Bill of Entry within 3 working hours after its allocation.
2	Authorities had the liberty to raise as many numbers of queries as needed to assess Bill of Entry.	The total number of queries which can be raised by an FAG in respect of a Bill of Entry would now be restricted to three only.
3	Only certain specified Importers <sup>8</sup> were given the facility of Direct Port Delivery.	All the advance filed Bills of Entry (relating to all imported good) by the Importer which are fully facilitated (do not require assessment &/or examination) would be granted the facility of Direct Port Delivery <sup>9</sup> by FAG.
4	No online mechanism to report for expeditious clearance of goods	Anonymized Escalation Mechanism (AEM) on ICEGATE shall soon be made operational to register request for expeditious clearance of a delayed Bill of Entry which may have been pending for assessment or examination for long.

7. The first decision could be acceptance of the self-assessment, query to the importer or a First Check, as may be warranted.

8. Importers should be registered as AEO Tier I, II or III status

9. Under the DPD, importers can complete customs clearance of their shipment and take direct delivery of it at the port within a stipulated time frame (usually 48 hours) of the shipment being offloaded.

## Conclusion -

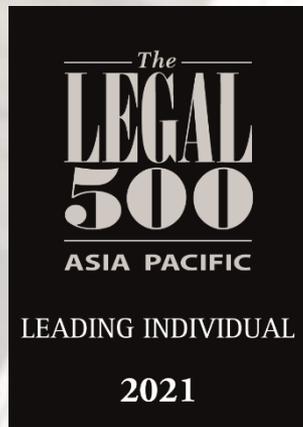
The scheme of faceless assessment is an old concept which was introduced by Central Government way back in 2019 under Income Tax Act 1961. Faceless Assessment has enabled greater transparency, efficiency and accountability in Income Tax Assessments. Taking a cue from the success of faceless assessments under Income-tax Act Central Government is aiming to meticulously implement the concept of Faceless Assessment under Customs Regulations for expeditious clearance of goods at the port of import.

It is estimated that Faceless Assessment initiative would help slash release time to only few hours which is substantially lower than the present clearance times averaging three to four days. A robust technology platform free from glitches and an impartial and informed assessment shall be the cornerstones for success of the faceless regime. One hopes that the faceless scheme achieves desired result of boosting country's trade competitiveness including ease of doing business.

# ABOUT AMICUS

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The Firm focuses on providing efficient, effective, solution-oriented advice and representation based on specialist knowledge and experience. Amicus' boutique tax practice has been consistently been ranked as a leading practice by Legal 500, Asia Law and World Tax (ITR).



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