

ASSISTED BY:

K.NANCY B.COM, B.L. (HONS.),

VINUPRIYA MUTHURAMALINGAM, B.A., L.L.B. (HONS.)

CONSULTANTS:

GST, CUSTOMS, FOREIGN TRADE LAWS,
FOREIGN EXCHANGE MANAGEMENT ACT.

OPINION

1. **Queriest :**

M/s. TVS SCS Global Freight Solutions Limited,
No. 18-A, First Street,
Kamdar Nagar, Nungambakkam,
Chennai – 600 034.

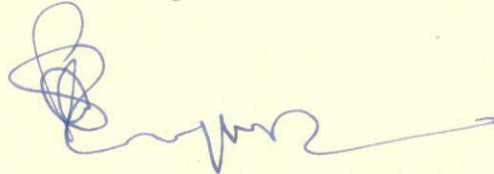
2. **Facts :**

- 2.1 The queriest is engaged in providing logistics solutions to various importers / exporters. Few of their clients intend to import electrically operated vehicles covering four-wheelers and two-wheelers, initially as knocked down packs and completely built units and then later start manufacturing operations within the country.
- 2.2 Apart from the above, it is reported that Antenna for an electrically operated vehicle was imported in personal name and that the same is meant for use by their clients, Tesla which is pending clearance from customs.

3. **Query :**

- 3.1 In this regard, the queriest has sought for clarifications on the following for Facts 2.1.
- i. Customs Duty & GST for EV both CBU and CKD of Cars and Bikes.
 - ii. Customs Duty & GST for spares and accessories viz. Charging units, Batteries, Ariel, Antenna etc.
 - iii. Procedures / process for importing EV for R&D (both bike and cars).
 - iv. Any special benefits or notification for EV from government.
 - v. LI batteries import procedure and duty structure.
 - vi. Solar panel / products special benefits.
 - vii. Charging infrastructure at Ports.
 - viii. Ports allowed to import EV.
- 3.2 With regard to Facts 2.2, the queriest has sought advise as to whether BIS and WPC licences are required for clearing the antenna.

...2

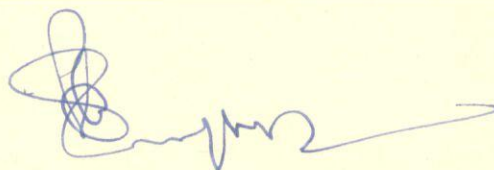


- 3.3 When the queriest was asked to clarify the scope of query under Sl.No.vii 'Charging infrastructure at Ports', the queriest has responded that they just wanted to check whether we have any information about port activities and charging infrastructure available there and that if needed the same can be disregarded while providing the opinion.
- 3.4 Accordingly, opinion is provided for rest of the queries.

4. **Opinion :**

- 4.1 Customs duty for electrically operated motorcars falling under 8703 of the Schedule to the Customs Tariff in different forms is governed as on date in terms of Notification 50/2017 as amended (Sl.No.526A of the Table). As per this entry the following are the rates for different forms.


Description of goods	Standard rate
<p>Electrically operated Motor cars and other motor vehicles, principally designed for the transport of persons (other than those of heading 8702), including station wagons and racing cars, if imported, -</p> <p>(1) As a Knocked Down kit containing all the necessary components, parts or sub-assemblies, for assembling a complete vehicle, with, -</p> <p>(a) disassembled Battery Pack, Motor, Motor Controller, Charger, Power Control Unit, Energy Monitor Contractor, Brake system, Electric Compressor not mounted on chassis;</p> <p>(b) pre-assembled Battery Pack, Motor, Motor Controller, Charger, Power Control Unit, Energy Monitor Contractor, Brake system, Electric compressor not mounted on a chassis or a body assembly.</p> <p>(2) In any other form, -</p> <p>(a) with CIF value more than US \$ 40,000</p> <p>(b) other than (a) above</p>	<p>15%</p> <p>30%</p> <p>100%</p> <p>60%</p>



- 4.2 In respect of electrically operated motor cycles, Sl.No.531A of the Table attached to the aforesaid notification prescribes the rates as mentioned below:

Description of goods	Standard rate
Motor cycles (including mopeds) and cycles fitted with an auxiliary motor (excluding electrically operated motor cycles and cycles), with or without side cars, and side cars, new, which have not been registered anywhere prior to importation -	
(1) as a completely knocked down (CKD) kit containing all the necessary components, parts or sub-assemblies, for assembling a complete vehicle, with -	
(a) engine, gearbox and transmission mechanism not in a pre-assembled condition;	15%
(b) engine or gearbox or transmission mechanism in pre-assembled form, not mounted on a body assembly;	25%
(2) in a form other than (1) above.	50%

- 4.3 The IGST rate for electrically operated vehicles including two and three wheeled electric vehicles is 5% in terms of Notification 1/2017-Integrated Tax dated 28.06.2017, as amended (Sl.No.242A of the Table). It may be noted that for the purpose of IGST concessional rate as above, the electrically operated vehicle is defined as 'vehicles which are run solely on electrical energy derived from an external source or from one or more electrical batteries fitted to such road vehicles and shall include E-bicycles'.
- 4.4 As far as rates of duty for spares and accessories are concerned, it may be noted that they depend upon the classification of each spare or accessory. In general, the following may be noted.
- 4.5 Battery packs for use in manufacture of electrically operated vehicles will attract 5% Basic Customs Duty in terms of Notification 50/2017 (Sl.No.528A of the Table attached to the Notification). This is subject to the condition that the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty) Rules 2017.
- 4.6 Further batteries for electrically operated vehicles including two and three wheeled electrical motor vehicles will attract 5% Basic Customs Duty in terms of the above notification (Sl.No.495 of the Table). For availing this benefit the importer should follow the procedure mentioned in the above rules and additionally, should be registered with the Indian Renewable Energy Development Agency or any State Nodal Agency notified for the purpose by the Ministry of New and Renewable Energy, Government of India for central financial assistance.



4.7 Batteries and Charging Stations will attract 5% IGST (Sl.No.234B of Schedule I of IGST notification).

4.8 Apart from the above, the following parts for manufacture of electrically operated vehicles including two and three wheeled electrical motor vehicles will be exempt from Basic Customs Duty, subject to the importer following the conditions stipulated in the above rules.

- (i)
- (ii) Battery Charger
- (iii) AC or DC Motor
- (iv) AC or DC Motor Controller
- (v) Power Control unit (inverter, AC/DC converter, condenser)
- (vi) Energy monitor
- (vii) Contactor
- (viii) Brake system for recovering
- (ix) Electric Compressor
- (x) E-Drive assembly
- (xi) On Board charger
- (xii) E compressor
- (xiii) Charging Gun

4.9 As per the current Foreign Trade Policy, electrically operated motor vehicles (four wheeler) and electrically operated motorcycles are freely importable. There are no restrictions with regard to entry through a particular port. The general conditions with regard to import of vehicles as on date is attached as Annexure-1 to this opinion.

4.10 As there are no restrictions in import of electrically operated vehicles, there should not be any difficulty in their import for R&D purposes. However, with regard to other parts and accessories which may be figuring in the restricted list of items for import under the current Foreign Trade Policy, attention is invited to para.2.53 of the Hand Book of Procedures which provides the policy for imports by R&D units. This reads as follows:

“All restricted items and items permitted to be imported by STEs, except live animals, required for R&D purpose may be imported without an Authorisation by Government recognized Research and Development units.”

4.11 Apart from the above, with regard to import of prototypes, the provisions contained in para.2.29 of the current Foreign Trade Policy are extracted below:

“Import of new / second hand prototypes / second hand samples may be allowed on payment of duty without an Authorisation to an Actual User (industrial) engaged in production of or having industrial license / letter of intent for research in item for which prototype is sought for product development or research, as the case may be, upon a self- declaration to that effect, to satisfaction of customs authorities.”

- 4.12 Import of batteries and battery packs will be subject to BIS registration and type approval.
- 4.13 With regard to import of solar panels, it may be noted that solar cells imported individually or assembled into modules or panels are freely importable in terms of the current Foreign Trade Policy. As far as duty structure is concerned, solar cells assembled as well as not assembled will attract Basic Customs Duty of 20%, IGST of 5% along with Social Welfare Cess at 10% and also subject to Safeguard Duty in terms of Notification 2/2020-Safeguard dated 29.07.2020.
- 4.14 With regard to the policy for import of electric vehicles and the benefits extended by the Central government as well as the State governments, I am attaching the following for your information.
- i. EV Report of Niti Aayog.
 - ii. Tamil Nadu Government's EV Policy.
 - iii. Revised MoP Guidelines for charging infrastructure.
 - iv. Amendments made in Revised Guidelines.
 - v. EV Policy for charging infrastructures.
 - vi. Central Electricity Authority's Notification with regard to charging stations.
 - vii. Central Electricity Authority's Notification with regard to Technical Standards for charging stations.

(only Soft Copies sent)

- 4.15 With regard to the second issue of import of antennas in individual name, it may be noted that the product will require BIS registration as well as WPC licence. In the absence of these, it is not likely the goods will be allowed clearance in the individual's name even if a certificate is obtained in the company's name. The only option will be to re-export the goods upon payment of fine and penalty that may be imposed for violation of the provisions of import policy and bring them back in company's name after obtaining BIS approval and WPC licence.



S. MURUGAPPAN

sm/ss

Disclaimer:- The above opinion is provided based on the information and documents made available to us by the querist and further based on the laws and rules prevalent as on date and the understanding of such provisions by the author and is meant for the private use of the person to whom it is provided without assuming any liability for any consequential action taken based on the views expressed here.