CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
ALLAHABAD

REGIONAL BENCH - COURT NO. I

(E-Hearing)

Customs CROSS Application No.70094 of 2026
(On behalf of the Respondent)
In
Customs Appeal No.70514 of 2025

(Arising out of Order-In-Appeal No.NOI-CUSTM-000-APP-217 to 219-24-25, dated -05.11.2024 passed by Commissioner (Appeals) CGST, Noida)

Commissioner, Customs, ICD, Dadri

.....Appellant

(ICD, Tilpata, Dadri
Gautam Buddha Nagar
Uttar Pradesh 201301)

VERSUS

M/s Shre Enterprises **....Respondent**

(Plot No. 99 & 100, Ground Floor, Khasra No. 50/9/1,
Shahabad, Daulatpur, Main Bawana Road, Delhi-110042)

AND

Customs CROSS Application No.70096 of 2026
(On behalf of the Respondent)
In
Customs Appeal No.70515 of 2025

(Arising out of Order-In-Appeal No.NOI-CUSTM-000-APP-217 to 219-24-25, dated -05.11.2024 passed by Commissioner (Appeals) CGST, Noida)

Commissioner, Customs, ICD, Dadri

.....Appellant

(ICD, Tilpata, Dadri
Gautam Buddha Nagar
Uttar Pradesh 201301)

VERSUS

M/s Shre Enterprises **....Respondent**

(Plot No. 99 & 100, Ground Floor, Khasra No. 50/9/1,
Shahabad, Daulatpur, Main Bawana Road, Delhi-110042)

APPEARANCE:

Ms. Chitra Srivastava, Authorized Representative for the Appellant
Shri V. S. Negi, Advocate for the Respondent

CORAM: **HON'BLE MR. P. K. CHOUDHARY, MEMBER (JUDICIAL)**
HON'BLE MR. K. ANPAZHAKAN, MEMBER (TECHNICAL)

MISCELLANEOS ORDER NO.70295-70296/2026

FINAL ORDER NO.70300-70301/2026

DATE OF HEARING : 09.07.2026
DATE OF DECISION : 13.08.2026

K. ANPAZHAKAN:

The present appeal has been filed by the Revenue against the common Order-In-Appeal No. NOI-CUSTM-OOO-APP-218-24-25, dated -05.11.2024 passed by Commissioner (Appeals) CGST & Central Excise, Noida wherein the learned Commissioner (Appeals) has set aside the Orders-In-Original No.31-32/AC/Noida/Cus/2023-24 dated 08.01.2024 & 15.01.2024.

2. The facts of the case are that M/s Shre Enterprises (The Respondent hereinafter) having IEC No. 0516916131 has imported one consignment of 'Parts of Electric Ride on Toys' classifiable under the CTH 95030091 from China, for which Bill of Entry No.3541080 dated 01.12.2022 was filed at CFS-CMA, CGM, ICD Dadri (Port Code-INCPL6), vide Bill of Lading No. TSMD02408 dated 28.10.2022 and Invoice No. JKW20221025 dated 29.10.2022.

3. **The goods were physically examined on 28.12.2022 and found to be 'Parts of Battery-Operated Ride on Toy Car'**. The Department entertained a view that the imported goods are in fact, fully finished 'Electrical Ride on Toys', imported in CKD/SKD condition. The contention of the Revenue is that the goods imported have acquired the essential character of the finished/complete 'Electric Ride on Toy' which are classifiable under the CTH 95030010 attracting higher rate of duty @ 60%. It was also contended that BIS Toy (Quality Control) Order, 2020 dated 25.02.2020 effective from 01.01.2021 (herein after

mentioned as TOY QCO), are also applicable to the goods imported.

3.1. On the basis of the above said allegation, the impugned goods were seized on 21.01.2023 and Show Cause Notice No. 01/AC/SIIB/CUS/Noida/2023-24 dated 13.07.2023 came to be issued on the grounds that the imported goods are fully finished toys in CKD/SKD condition, classifiable under the CTH-95030010, attracting BIS requirement under QCO, 2020 which was not met by the Respondent herein. The Notice also alleged that the Respondent was not entitled to avail the benefit of SAFTA concessional Notification No. 50/2017-Cus dated 30.06.2017.

3.2. The said Show Cause Notice dated 13.07.2023 was adjudicated vide Order-In-Original No. 32/AC/Noida/Cus/2023-24 dated 15.01.2024.

4. The Respondent imported another consignment of ‘Part of Toys’ and filed Bill of Entry No.3866314 dated 22.12.2024. The said goods were examined on 03.02.2023 and found to be parts of ‘Battery Operated Toys’. As the Department entertained a view that the said parts of electric toys are ‘Electric Ride on Toys’ in CKD/SKD condition' falling under CTH 95030010 attracting higher rate of duty at the rate of 60%, the said goods were seized on 10.02.2023 and the Show Cause Notice dated 03.08.2023 was issued proposing reclassification of goods under CTH 95030010.

4.1. The said SCN was adjudicated vide the Order-In-Original No.31/AC/Noida/Cus/2023-24 dated 08.01.2024

5. Appeals were filed against both the orders mentioned at para 3.3 and 4.1 supra. As the issue involved in both the appeals were the same, they were taken up together by the Commissioner (Appeals) and disposed of by a common Order-In-Appeal No. NOI-CUSTM-000-APP-217-219-24-25, dated 05.11.2024 .

5.1. In the impugned Order-In-Appeal, the learned **Commissioner (Appeal) has examined the Chartered Engineer Certificate submitted by the Respondent herein**

and concluded that the goods imported were parts of Electric Toys and BIS quality control order is not appliable to the said goods. Accordingly, he set aside the Orders-In-Original dated 15.01.2024 and 08.01.2024.

6. Aggrieved against the setting aside of the demands of customs duty along with interest and penalty, vide the Order-In-Appeal dated 05.11.2024, Revenue has filed this appeal.

6.1. In the grounds of appeal, Revenue has made the following submissions: -

i. that based on examination report and observation of Chartered Engineer, imported goods (Parts of Electric Toys) would attain the essential character of a toy classifiable under CTH 95030010 attracting higher rate of customs duty @ 60%

ii. that Toys (Quality Control) Order dated 25.02.2020 applies to the goods imported, as the toy parts imported in CKD condition, when put together will acquire the essential character of a fully finished Electric Toy.

iii. that CBIC vide Instruction No. 06/2023 dated 13.02.2023 provides that Toy QCO have a wider definition than perceived in the HSN and would apply to toy parts including in a completely CKD/SKD condition, if the said parts retain the essential character of a toy defined. Under Toys QCO, Toy is defined as 'product or material designed or intended for use in play by children under 14 years of age'.

iv. that the imported parts can be assembled with simple screw driver without involving any technology and manufacturing process and therefore, BIS restrictions applies as these are toys in CKD/SKD condition and have essential character of complete/finished toys.

v. that though only 60% parts have been imported, no plant/machinery is required for further completing the manufacturing process which may be assembled with simple screw driver. Remaining 40% to be procured from local market are non-essential parts. Further, no new product having a distinct name, character and use emerges out due to which remaining assembly and concession under Customs (import goods at concessional rate of duty) Rules, 2017 under Notification No. 50/2017-Cus dated 30.06.2017 would not apply.

vi. that CBIC Instruction No. 06/2023 dated 13.02.2023 define toys as product or material designed/intended for use in play by children under 14 years of age. Thus the product or material is to be treated as toy.

6.2. Thus, Revenue contended that goods imported by the Respondent herein are fully finished toys classifiable under the CTH 95030010 and BIS Toy Quality Control Order dated 25.02.2020 is applicable in this case. Accordingly, Revenue prayed for setting aside the impugned Orders-in-Appeal.

7. The Respondents herein have made following submissions in support of the Impugned order passed by the Commissioner (Appeals):-

i. The Respondent submits that the goods imported are 'Parts of Electric Ride on Toys' which has not attained the essential character of Toys, as contended by the Revenue.

ii. The Respondent further submits that the Chartered Engineer has categorically examined and submitted a report that the impugned parts contain only 60 to 65 per cent of the parts used in the manufacture of complete toys and therefore, it is a misnomer to say that the parts of the toys have been imported as Toys in CKD/SKD condition, when the essential parts are missing in the imported consignment.

iii. After completion of the manufacturing process, the completed 'Ride on Toy' is tested to meet the BIS requirements before the completed and finished toy is sold in the market. The Respondent is registered with Bureau of Standard and has BIS registration for manufacture of Electrical Toys and they are obligated to adhere to the safety standards prescribed by the BIS.

iv. The Respondent submits that besides procuring some of the parts from local market, they also manufacture certain items like 'ride wheels' on job work basis. The imported parts along with other locally manufactured/acquired parts undergo assembly and testing and after completion transform into a product distinctly identified as ‘Electric Ride on Toys’ having distinct characteristic and use. The process applied for completion from Parts to Finished product is a process amounting to ‘manufacture’ within the Customs (import goods at concessional rate of duty) Rules, 2017 and therefore, they are entitled for the benefit of Notification No. 50/2017-Cus dated 30.06.2017.

v. The Respondent submits that DRI vide letter dated 26.04.2023 sought clarification from BIS on application of Toys QCO on Toy Parts which was clarified by BIS vide letter dated 04.05.2023. On the basis of which, DRI through letter dated 12.05.2023, concluded the proceedings against Al Toys Industries. However, Department has completely ignored the same.

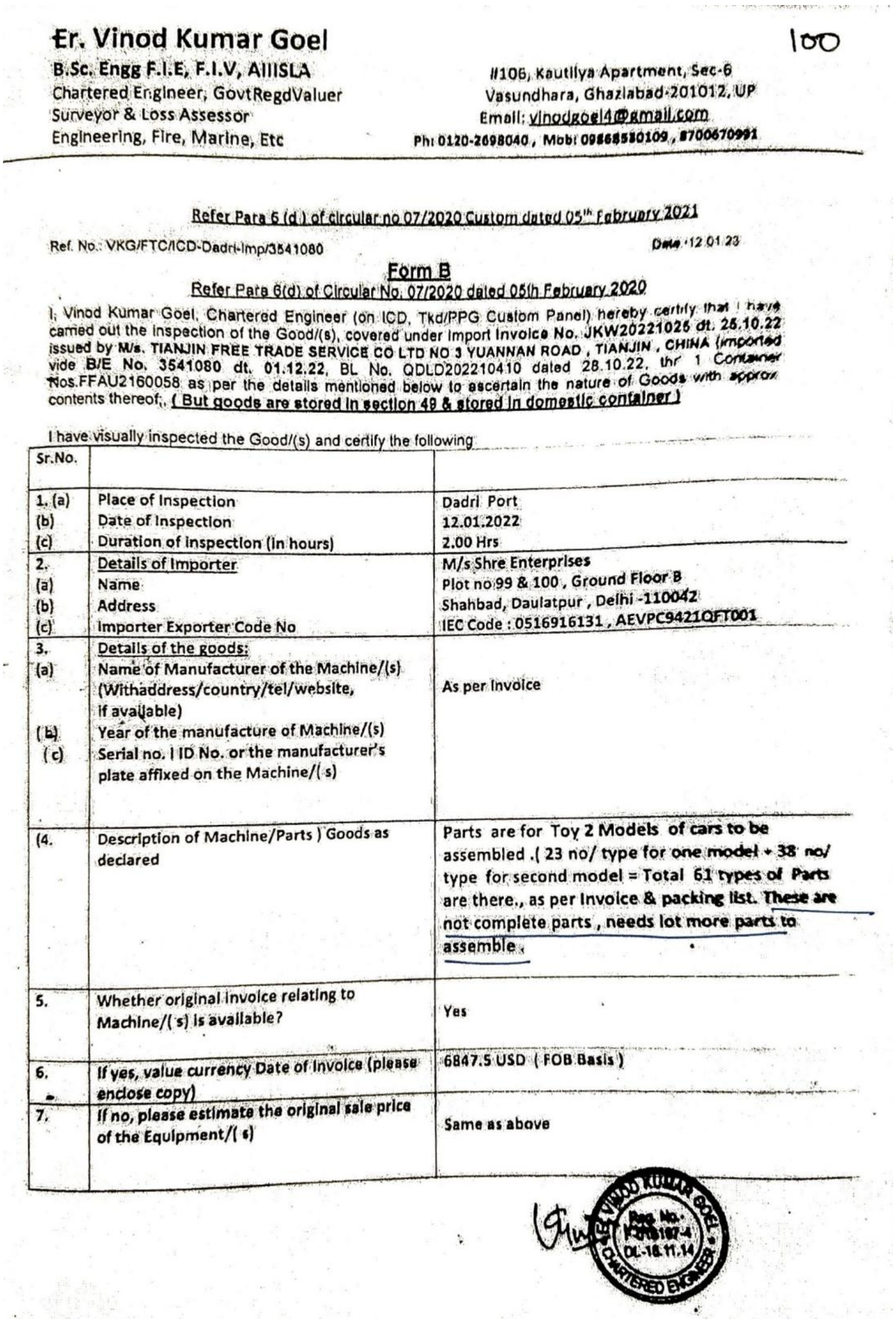
vi. The Respondent submits that they are manufacturers of Electrical Toys, registered as MSME under UDYAM-DL-06-0008041 and continues to be importing identical goods in identical quantity, which are being treated as Parts of Electric Toys classified under CTH 95030091 as parts and not Toys In CKD/SKD under 950310010. One such subsequent Bill of Entry No. 6312955 dated 15.12.2025 is an example wherein the identical parts have been imported which have been cleared as parts under CTH 95030091. The Department cannot take different stand on import of identical goods from different ports.

7.1. In view of the above submissions, the Respondent submits that the learned Commissioner (Appeals) has examined all the documents and passed a well-reasoned order holding that imported goods are Parts of Toys eligible for the benefit of the Notification No.50/2017-Cus dated 30.06.2017. Accordingly, the Respondent requested for dismissing the appeal filed by the Revenue.

8. Heard both the sides and perused the appeal documents.

9. We find that the Respondent has imported two consignments of 'Parts of Electric Ride on Toys' and classified them under CTH95030091. They have claimed the benefit of Exemption Notification No.50/2017-Cus dated 30.06.2017. However, Revenue entertained a view that the imported goods namely, Parts of Electric Toys were actually fully finished Electrical Ride on Toys imported in CKD/SKD condition, as the said parts have acquired the essential character of the finished/complete Electric Ride on Toys. Thus, Revenue is of the view that the imported goods are complete toys classifiable under the CTH 95030010, attracting higher rate of duty @ 60% and also BIS Toy (Quality Control) Order, 2020 dated 25.02.2020 is applicable to the said goods.

10. In this regard, we find that the goods were examined by an empaneled Chartered Engineer who vide his inspection report dated 12.01.2023, arrived at the conclusion that the imported parts consist only 60-65% of the total parts required to complete the Toy. The Chartered Engineer's Certificate is reproduced below for ready reference:-



100

Er. Vinod Kumar Goel
B.Sc. Engg F.I.E, F.I.V, AIIISLA
Chartered Engineer, GovtRegdValuer
Surveyor & Loss Assessor
Engineering, Fire, Marine, Etc

#106, Kautilya Apartment, Sec-6
Vasundhara, Ghaziabad-201012, UP
Email: vinodgoel4@gmail.com
Ph: 0120-2698040, Mob: 09868530109, 8700670991

Refer Para 6 (d) of circular no 07/2020 Custom dated 05th Fabruary 2021

Ref. No.: VKG/FTC/ICD-Dadri-Imp/3541080

Date 12.01.23

Form B

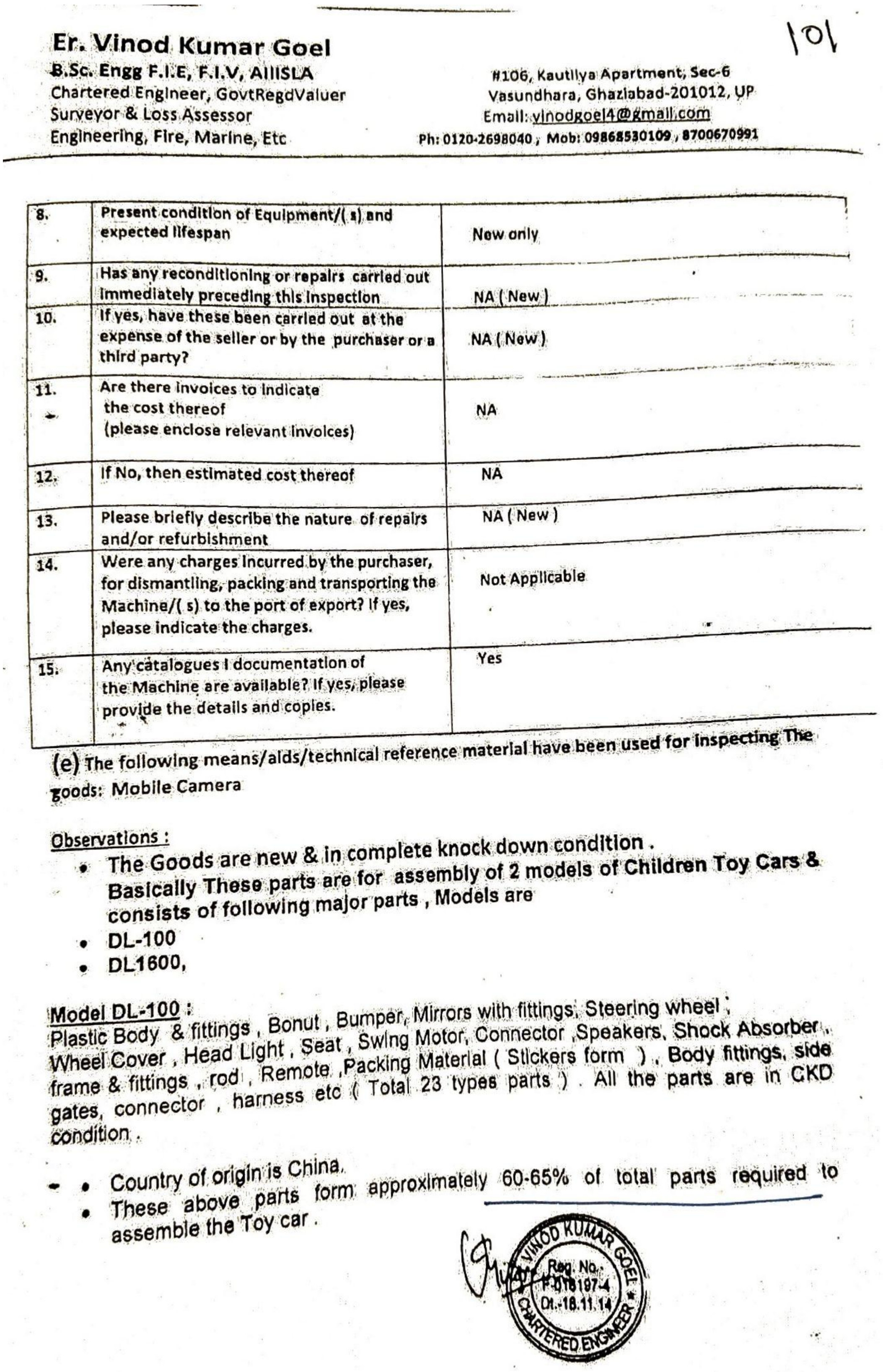
Refer Para 6(d) of Circular No. 07/2020 dated 05th February 2020

I, Vinod Kumar Goel, Chartered Engineer (on ICD, Tkd/PPG Custom Panel) hereby certify that I have carried out the inspection of the Good/(s), covered under Import Invoice No. JKW20221026 dt. 26.10.22 issued by M/s. TIANJIN FREE TRADE SERVICE CO LTD NO 3 YUANNAN ROAD , TIANJIN , CHINA (imported vide B/E No. 3541080 dt. 01.12.22, BL No. QDLD202210410 dated 28.10.22, thr 1 Container Nos.FFAU2160058 as per the details mentioned below to ascertain the nature of Goods with approx contents thereof,, **(But goods are stored in section 49 & stored in domestic container)**

I have visually inspected the Good/(s) and certify the following

Sr.No.		
1. (a) (b) (c)	Place of Inspection Date of Inspection Duration of Inspection (in hours)	Dadri Port 12.01.2022 2.00 Hrs
2. (a) (b) (c)	Details of Importer Name Address Importer Exporter Code No	M/s Shre Enterprises Plot no 99 & 100 , Ground Floor B Shahbad, Daulatpur , Delhi -110042 IEC Code : 0516916131 , AEVPC9421QFT001
3. (a) (b) (c)	Details of the goods: Name of Manufacturer of the Machine/(s) (Withaddress/country/tel/website, if available) Year of the manufacture of Machine/(s) Serial no. I ID No. or the manufacturer's plate affixed on the Machine/(s)	As per Invoice
(4.	Description of Machine/Parts) Goods as declared	Parts are for Toy 2 Models of cars to be assembled .(23 no/ type for one model + 38 no/ type for second model = Total 61 types of Parts are there., as per Invoice & packing list. These are not complete parts , needs lot more parts to assemble .
5.	Whether original invoice relating to Machine/(s) is available?	Yes
6.	If yes, value currency Date of Invoice (please enclose copy)	6847.5 USD (FOB Basis)
7.	If no, please estimate the original sale price of the Equipment/(s)	Same as above

Reg. No. [illegible]187-4
DL-18.11.14



Er. Vinod Kumar Goel
B.Sc. Engg F.I.E, F.I.V, AIIISLA
Chartered Engineer, GovtRegdValuer
Surveyor & Loss Assessor
Engineering, Fire, Marine, Etc

#106, Kautilya Apartment, Sec-6
Vasundhara, Ghaziabad-201012, UP
Email: vinodgoel4@gmail.com
Ph: 0120-2698040 , Mob: 09868530109 , 8700670991

8.	Present condition of Equipment/(s) and expected lifespan	New only
9.	Has any reconditioning or repairs carried out immediately preceding this inspection	NA (New)
10.	If yes, have these been carried out at the expense of the seller or by the purchaser or a third party?	NA (New)
11.	Are there invoices to indicate the cost thereof (please enclose relevant invoices)	NA
12.	If No, then estimated cost thereof	NA
13.	Please briefly describe the nature of repairs and/or refurbishment	NA (New)
14.	Were any charges incurred by the purchaser, for dismantling, packing and transporting the Machine/(s) to the port of export? If yes, please indicate the charges.	Not Applicable
15.	Any catalogues I documentation of the Machine are available? If yes, please provide the details and copies.	Yes

(e) The following means/aids/technical reference material have been used for inspecting The goods: Mobile Camera

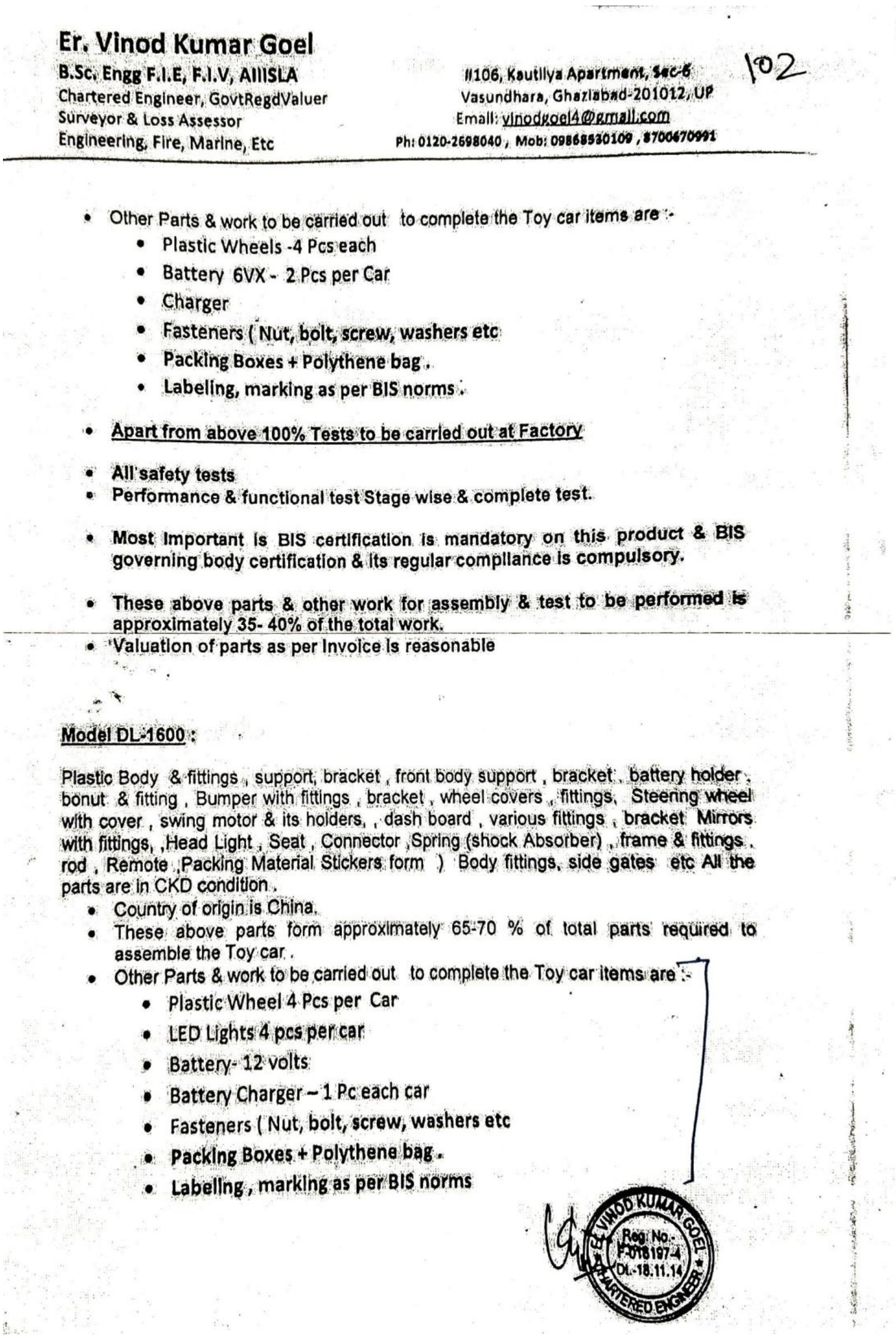
Observations :

- The Goods are new & in complete knock down condition . Basically These parts are for assembly of 2 models of Children Toy Cars & consists of following major parts , Models are
- DL-100
- DL1600,

Model DL-100 :
Plastic Body & fittings , Bonut , Bumper, Mirrors with fittings, Steering wheel , Wheel Cover , Head Light , Seat , Swing Motor, Connector ,Speakers, Shock Absorber , frame & fittings , rod , Remote ,Packing Material (Stickers form) , Body fittings, side gates, connector , harness etc (Total 23 types parts) . All the parts are in CKD condition .

- Country of origin is China.
- These above parts form approximately 60-65% of total parts required to assemble the Toy car .

Reg. No. F-018197-4
Dt.-18.11.14



Er. Vinod Kumar Goel
B.Sc. Engg F.I.E, F.I.V, AIIISLA
Chartered Engineer, GovtRegdValuer
Surveyor & Loss Assessor
Engineering, Fire, Marine, Etc

II106, Kautilya Apartment, Sec-6
Vasundhara, Ghaziabad-201012, UP
Email: vinodgoel4@gmail.com
Ph: 0120-2698040 , Mob: 09868530109 , 8700670991

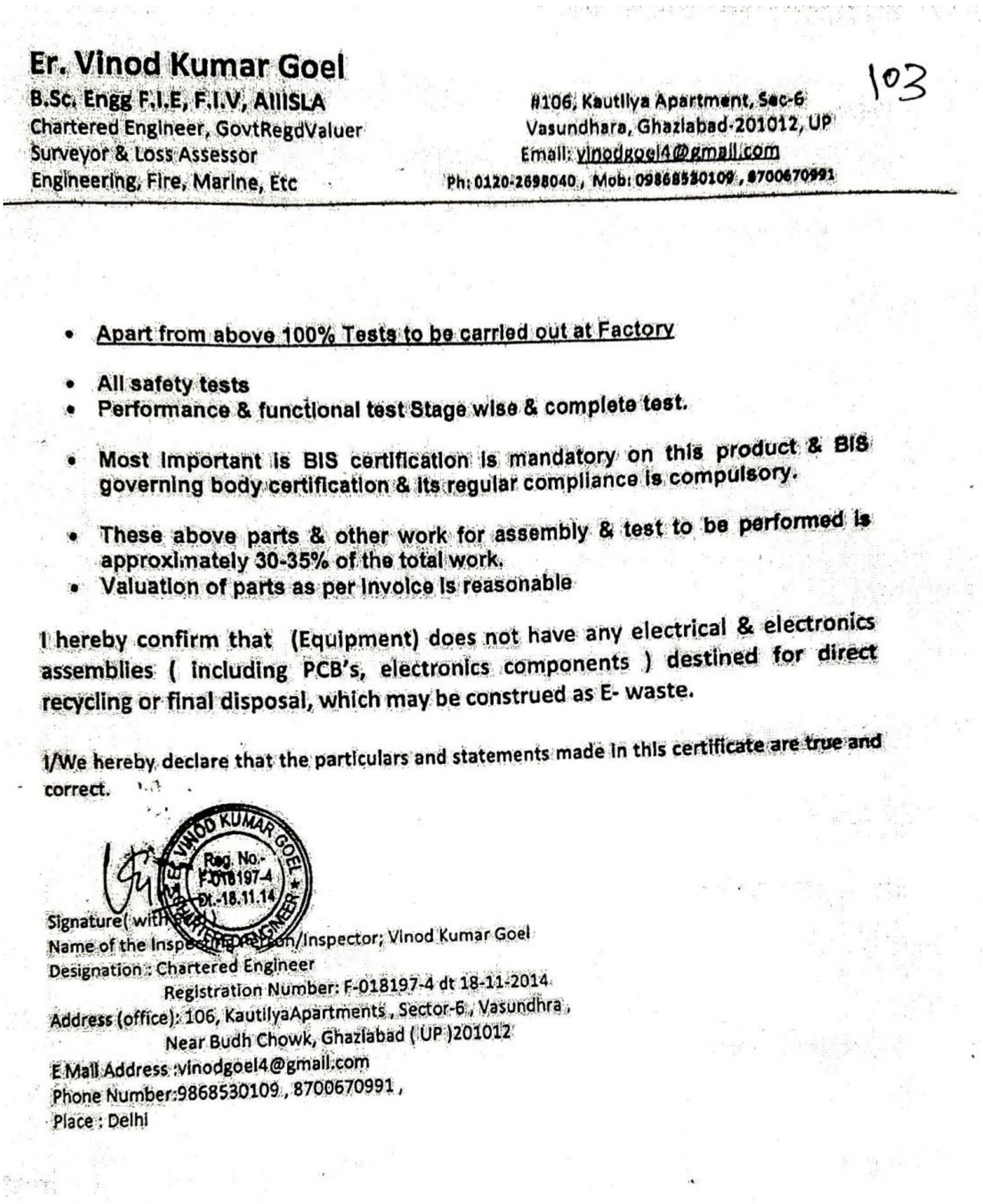
- Other Parts & work to be carried out to complete the Toy car items are :-
  - Plastic Wheels -4 Pcs each
  - Battery 6VX - 2 Pcs per Car
  - Charger
  - Fasteners (Nut, bolt, screw, washers etc
  - Packing Boxes + Polythene bag .
  - Labeling, marking as per BIS norms .
- <u>Apart from above 100% Tests to be carried out at Factory</u>
- All safety tests
- Performance & functional test Stage wise & complete test.
- Most Important is BIS certification is mandatory on this product & BIS governing body certification & its regular compliance is compulsory.
- These above parts & other work for assembly & test to be performed is approximately 35- 40% of the total work.
- Valuation of parts as per Invoice is reasonable

<u>Model DL-1600 :</u>

Plastic Body & fittings , support, bracket , front body support , bracket , battery holder , bonut & fitting , Bumper with fittings , bracket , wheel covers , fittings, Steering wheel with cover , swing motor & its holders, , dash board , various fittings , bracket Mirrors with fittings, ,Head Light , Seat , Connector ,Spring (shock Absorber) , frame & fittings , rod , Remote ,Packing Material Stickers form) Body fittings, side gates etc All the parts are in CKD condition .

- Country of origin is China.
- These above parts form approximately 65-70 % of total parts required to assemble the Toy car .
- Other Parts & work to be carried out to complete the Toy car items are :-
  - Plastic Wheel 4 Pcs per Car
  - LED Lights 4 pcs per car
  - Battery- 12 volts
  - Battery Charger – 1 Pc each car
  - Fasteners (Nut, bolt, screw, washers etc
  - Packing Boxes + Polythene bag .
  - Labeling , marking as per BIS norms

ER. VINOD KUMAR GOEL
Reg. No.- F-018197-4
DL-18.11.14
CHARTERED ENGINEER



Er. Vinod Kumar Goel
B.Sc. Engg F.I.E, F.I.V, AIIISLA
Chartered Engineer, GovtRegdValuer
Surveyor & Loss Assessor
Engineering, Fire, Marine, Etc

#106, Kautilya Apartment, Sec-6
Vasundhara, Ghaziabad-201012, UP
Email: vinodgoel4@gmail.com
Ph: 0120-2698040 , Mob: 09868530109 , 8700670991

- Apart from above 100% Tests to be carried out at Factory
- All safety tests
- Performance & functional test Stage wise & complete test.
- Most important is BIS certification is mandatory on this product & BIS governing body certification & its regular compliance is compulsory.
- These above parts & other work for assembly & test to be performed is approximately 30-35% of the total work.
- Valuation of parts as per Invoice is reasonable

I hereby confirm that (Equipment) does not have any electrical & electronics assemblies (including PCB's, electronics components) destined for direct recycling or final disposal, which may be construed as E- waste.

I/We hereby declare that the particulars and statements made in this certificate are true and correct.

Reg. No.- F-018197-4 Dt.-18.11.14

Signature(with Seal)
Name of the Inspecting Person/Inspector; Vinod Kumar Goel
Designation : Chartered Engineer
Registration Number: F-018197-4 dt 18-11-2014
Address (office): 106, KautilyaApartments , Sector-6 , Vasundhra ,
Near Budh Chowk, Ghaziabad (UP)201012
E.Mail Address :vinodgoel4@gmail.com
Phone Number:9868530109 , 8700670991 ,
Place : Delhi

10.1. From the Report reproduced above, we find that Chartered Engineer has categorically mentioned that the imported parts contains only 60-65% of the parts. The other parts required to complete the Toy car, as arrived at by the Chartered Engineer are as under:-

- Plastic Wheel 4 Pcs per Car
- LED Lights 4 pcs per car
- Battery- 12 volts
- Battery Charger - 1 Pc each car
- Fasteners (Nut, bolt, screw, washers etc.
- Packing Boxes + Polythene bag.
- Labeling, marking as per BIS norms

10.2. We find that the Chartered Engineer has examined the goods imported by the Respondent and submitted a report concluding that the impugned goods contain only 60 to 65 per cent of the parts used in the manufacture of complete toys. Therefore, we find that it is a misnomer to say that the parts of the toys have been imported as Toys in CKD/SKD condition, when the essential parts are missing in the imported consignment.

10.3. The Respondent submits that besides procuring some of the parts from local market, they also manufacture certain items like 'ride wheels' on job work basis. In support of this claim, the Respondent submitted some invoices evidencing the job work done for manufacturing of the parts namely, ‘ride wheels’. They have also submitted sample invoices for

GSTIN : 07ABHHS6750H1ZS

Duplicate Copy

TAX INVOICE

PAWAN POLYTECH

HOUSE NO.-181, POCKET-H, SECTOR-4, DSIDC BAWANA, NEW DELHI-110039
Tel. : 9599281387 email : pawanpolytech7@gmail.com

Invoice No. : PP/25-26/090
Dated : 18-10-2025
Place of Supply : Delhi (07)
Reverse Charge : N
GR/RR No. :

Transport : BY SELF
Vehicle No. : DL01MA3225
Station : New Delhi
E-Way Bill No. :
Mode of Payment : RTGS/CHEQUE

Billed to :
SHRE ENTERPRISES
Shed No. 3, GROUND FLOOR, Khasra No.
25/4, Kankar Kheda Road, BEHIND SHIVA
PROPERTIES, Shahbad Daulatpur Extension
New Delhi, North Delhi, Delhi, 110042
GSTIN / UIN : 07AEVPC9421Q1ZQ

Shipped to :
SHRE ENTERPRISES
Shed No. 3, GROUND FLOOR, Khasra No.
25/4, Kankar Kheda Road, BEHIND SHIVA
PROPERTIES, Shahbad Daulatpur Extension
New Delhi, North Delhi, Delhi, 110042
GSTIN / UIN : 07AEVPC9421Q1ZQ

IRN : 87e60fe07deabbafeec569d49e80f7636a320157214a9a3b96c6cb8b7143bfd5 **Ack.No.** : 172518637746861 **Ack. Date** : 18-10-2025

FREIGHT PAID BY CONSIGNEE

S.N	Description of Goods	HSN/SAC Code	Qty.	Unit	Price	Amount(₹)
1.	PLASTIC PRODUCT MANUFACTING ON JOB WORK *BIKE TOY BODY PARTS* *DANA CONSUME - 900 KGS*	998851	525.00	Pcs.	18.00	9,450.00
						9,450.00
	Add : CGST				@ *9.00 %*	850.50
	Add : SGST				@ *9.00 %*	850.50
	Grand Total		**525.00**	**Pcs.**	₹	**11,151.00**

Tax Rate	Taxable Amt.	CGST Amt.	SGST Amt.	Total Tax
18%	9,450.00	850.50	850.50	1,701.00

Rupees Eleven Thousand One Hundred Fifty One Only

Bank Details : BANK NAME : ICICI BANK IFSC : ICIC0000367
A/C No. : 036705005480 BRANCH : SECTOR-11, ROHINI, DELHI-85

Terms & Conditions
E.& O.E.
1. Goods once sold will not be taken back.
2. Interest @ 18% p.a. will be charged if the payment is not made with in the stipulated time.
3. Subject to 'Delhi' Jurisdiction only.

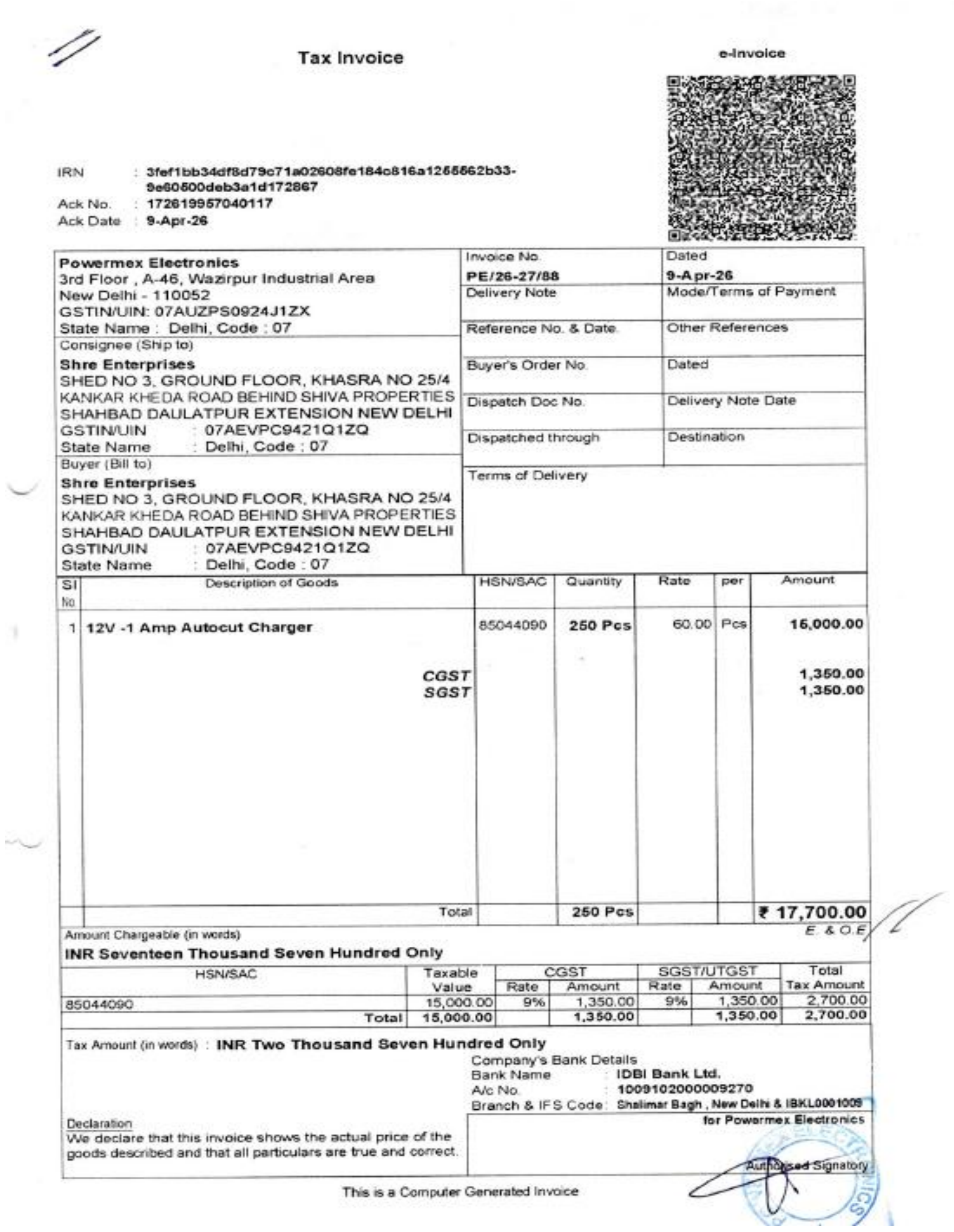
E-Invoice QR Code

Receiver's Signature :

for PAWAN POLYTECH

Authorised Signatory

procurement of essential parts from the local market. For ready reference, some invoices submitted by the Respondent are extracted below:



Tax Invoice

e-Invoice

IRN : **3fef1bb34df8d79c71a02608fe184c816a1265662b33-9e60500deb3a1d172867**
Ack No. : **172619957040117**
Ack Date : **9-Apr-26**

Powermex Electronics
3rd Floor , A-46, Wazirpur Industrial Area
New Delhi - 110052
GSTIN/UIN: 07AUZPS0924J1ZX
State Name : Delhi, Code : 07

Consignee (Ship to)
Shre Enterprises
SHED NO 3, GROUND FLOOR, KHASRA NO 25/4
KANKAR KHEDA ROAD BEHIND SHIVA PROPERTIES
SHAHBAD DAULATPUR EXTENSION NEW DELHI
GSTIN/UIN : 07AEVPC9421Q1ZQ
State Name : Delhi, Code : 07

Buyer (Bill to)
Shre Enterprises
SHED NO 3, GROUND FLOOR, KHASRA NO 25/4
KANKAR KHEDA ROAD BEHIND SHIVA PROPERTIES
SHAHBAD DAULATPUR EXTENSION NEW DELHI
GSTIN/UIN : 07AEVPC9421Q1ZQ
State Name : Delhi, Code : 07

Invoice No. **PE/26-27/88**	Dated **9-Apr-26**
Delivery Note	Mode/Terms of Payment
Reference No. & Date.	Other References
Buyer's Order No.	Dated
Dispatch Doc No.	Delivery Note Date
Dispatched through	Destination
Terms of Delivery	

Sl No.	Description of Goods	HSN/SAC	Quantity	Rate	per	Amount
1	**12V -1 Amp Autocut Charger**	85044090	**250 Pcs**	60.00	Pcs	**15,000.00**
	CGST					**1,350.00**
	SGST					**1,350.00**
	Total		**250 Pcs**			**₹ 17,700.00**

E. & O.E

Amount Chargeable (in words)
INR Seventeen Thousand Seven Hundred Only

HSN/SAC	Taxable Value	CGST		SGST/UTGST		Total Tax Amount
		Rate	Amount	Rate	Amount	
85044090	15,000.00	9%	1,350.00	9%	1,350.00	2,700.00
Total	**15,000.00**		**1,350.00**		**1,350.00**	**2,700.00**

Tax Amount (in words) : **INR Two Thousand Seven Hundred Only**

Company's Bank Details
Bank Name : **IDBI Bank Ltd.**
A/c No. : **1009102000009270**
Branch & IFS Code : **Shalimar Bagh , New Delhi & IBKL0001009**

Declaration
We declare that this invoice shows the actual price of the goods described and that all particulars are true and correct.

for Powermex Electronics

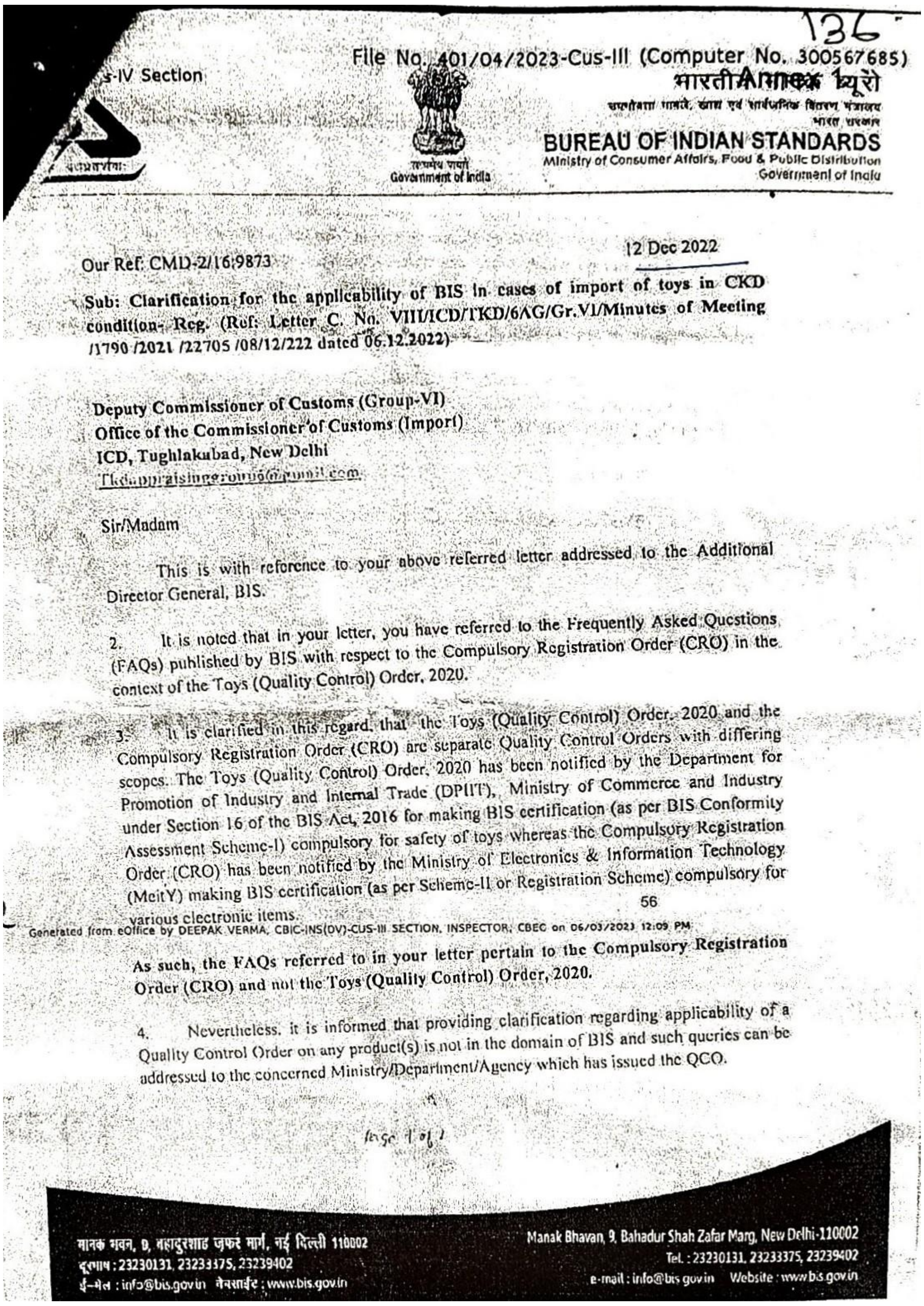
Authorised Signatory

This is a Computer Generated Invoice

10.4. We find that the imported parts along with other locally manufactured/acquired parts undergo assembly and testing and after completion transform into a product distinctly identified as ‘Electric Ride on Toys’ having distinct characteristic and use. We also find that the process applied for completion from Parts to

Finished product is a process amounting to 'manufacture' within the Customs (import goods at concessional rate of duty) Rules, 2017 and therefore, we hold that the Respondents are entitled for the benefit of Notification No. 50/2017-Cus dated 30.06.2017.

10.5. Thus, we observe that the imported items cannot be considered as a fully finished electrical toys in CKD/SKD conditions. Accordingly, we hold that the imported goods are classifiable under CTH 95030091 and therefore eligible for the benefit of exemption as provided by Notification No.50/2017 dated 30.06.2017.



136

s-IV Section

File No. 401/04/2023-Cus-III (Computer No. 300567685)

भारती Annex 1 ब्यूरो
उपभोक्ता मामले, खाद्य एवं सार्वजनिक वितरण मंत्रालय
भारत सरकार
BUREAU OF INDIAN STANDARDS
Ministry of Consumer Affairs, Food & Public Distribution
Government of India

सत्यमेव जयते
Government of India

12 Dec 2022

Our Ref: CMD-2/16:9873

Sub: Clarification for the applicability of BIS in cases of import of toys in CKD condition- Reg. (Ref: Letter C. No. VIII/ICD/TKD/6AG/Gr.VI/Minutes of Meeting /1790 /2021 /22705 /08/12/222 dated 06.12.2022)

Deputy Commissioner of Customs (Group-VI)
Office of the Commissioner of Customs (Import)
ICD, Tughlakabad, New Delhi
Tkdappraisinggroup6@gmail.com

Sir/Madam

This is with reference to your above referred letter addressed to the Additional Director General, BIS.

2. It is noted that in your letter, you have referred to the Frequently Asked Questions (FAQs) published by BIS with respect to the Compulsory Registration Order (CRO) in the context of the Toys (Quality Control) Order, 2020.

3. It is clarified in this regard, that the Toys (Quality Control) Order, 2020 and the Compulsory Registration Order (CRO) are separate Quality Control Orders with differing scopes. The Toys (Quality Control) Order, 2020 has been notified by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry under Section 16 of the BIS Act, 2016 for making BIS certification (as per BIS Conformity Assessment Scheme-I) compulsory for safety of toys whereas the Compulsory Registration Order (CRO) has been notified by the Ministry of Electronics & Information Technology (MeitY) making BIS certification (as per Scheme-II or Registration Scheme) compulsory for various electronic items.

56

Generated from eOffice by DEEPAK VERMA, CBIC-INS(DV)-CUS-III SECTION, INSPECTOR, CBEC on 06/03/2023 12:09 PM

As such, the FAQs referred to in your letter pertain to the Compulsory Registration Order (CRO) and not the Toys (Quality Control) Order, 2020.

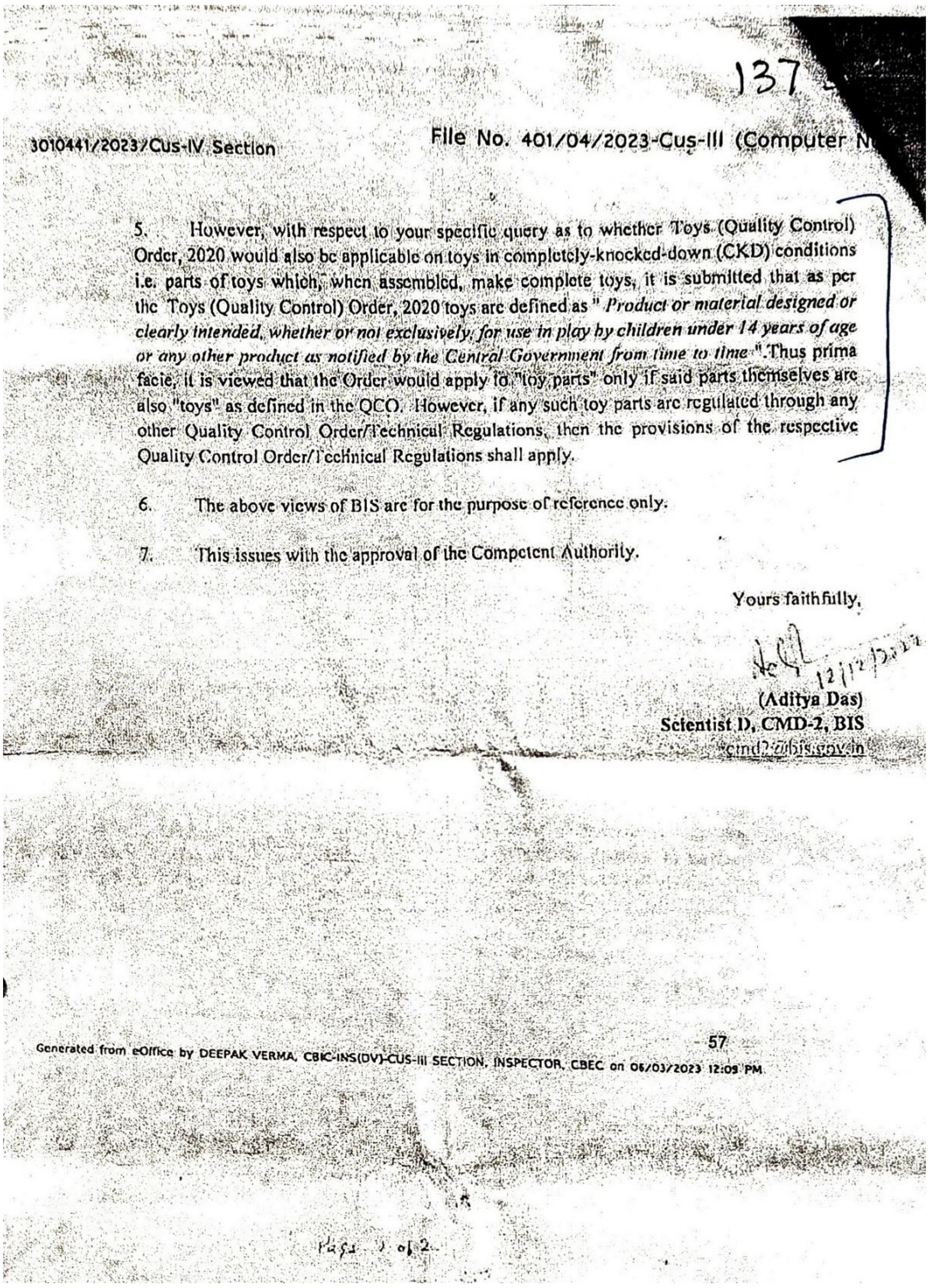
4. Nevertheless, it is informed that providing clarification regarding applicability of a Quality Control Order on any product(s) is not in the domain of BIS and such queries can be addressed to the concerned Ministry/Department/Agency which has issued the QCO.

Page 1 of 1

मानक भवन, 9, बहादुरशाह ज़फर मार्ग, नई दिल्ली 110002
दूरभाष : 23230131, 23233375, 23239402
ई-मेल : info@bis.gov.in वेबसाइट : www.bis.gov.in

Manak Bhavan, 9, Bahadur Shah Zafar Marg, New Delhi-110002
Tel. : 23230131, 23233375, 23239402
e-mail : info@bis.gov.in Website : www.bis.gov.in

11. Regarding the applicability of BIS Toy (Quality Control) Order, dated 25.02.2020, we find that during the course of investigation DRI has written a Letter and sought clarification on application of Toys QCO on Toy Parts which has been clarified by BIS vide Letter dated 12.12.2022 which is reproduced below for ready reference:-



137

3010441/2023/Cus-IV Section File No. 401/04/2023-Cus-III (Computer N

5. However, with respect to your specific query as to whether Toys (Quality Control) Order, 2020 would also be applicable on toys in completely-knocked-down (CKD) conditions i.e. parts of toys which, when assembled, make complete toys, it is submitted that as per the Toys (Quality Control) Order, 2020 toys are defined as " *Product or material designed or clearly intended, whether or not exclusively, for use in play by children under 14 years of age or any other product as notified by the Central Government from time to time* ".Thus prima facie, it is viewed that the Order would apply to "toy parts" only if said parts themselves are also "toys" as defined in the QCO. However, if any such toy parts are regulated through any other Quality Control Order/Technical Regulations, then the provisions of the respective Quality Control Order/Technical Regulations shall apply.

6. The above views of BIS are for the purpose of reference only.

7. This issues with the approval of the Competent Authority.

Yours faithfully,

12/12/2022

(Aditya Das)
Scientist D, CMD-2, BIS
cmd2@bis.gov.in

57

Generated from eOffice by DEEPAK VERMA, CBIC-INS(DV)-CUS-III SECTION, INSPECTOR, CBEC on 06/03/2023 12:09 PM

Page 2 of 2

11.1. From the letter received from BIS reproduced supra, we find that BIS has specifically clarified that BIS certificate is not applicable to part of toys. Accordingly, we hold that BIS Toy Control order is not applicable to the parts of toys imported by Respondent.

12. We find that the learned Commissioner (Appeals) has examined the classification of goods and passed a categorical finding regarding the classification of the impugned goods under CTH 95030091. For ready reference the findings of the learned Commissioner (Appeals) in this regard are furnished below:-

> *"12.1 At the outset, I observe that, as per the Invoice No. JKW20221029 dated 29.10.2022 and JKW20221025 dated 25.10.2022, the description of goods Imported by the appellant is mentioned as 'Parts of Electric (Battery Operated) Ride on Toys", Further, on going through the details of Items imported by the appellant, I observe that appellant has not imported the most essential part of a "Battery Operated Toy Car which is undoubtedly a Battery and a Motor without which the Toy Car cannot be made functional and accordingly, cannot be sold in market as a fully functional battery operated toy car.*
>
> *12.2 I note that the adjudicating authority has held that the Parts of Electric (Battery Operated) Ride on Toy Car has been imported by the appellant in CKD/SKD (complete knocked down/Semi knocked down) condition hence the subject goods are liable to be treated as complete toy is accordingly is liable to be classified under CTH 95030010.*
>
> *12.3 I find that the question here is whether the goods imported in completely knocked down (CKD) condition are complete goods or just a conglomeration of parts? The issue needs introspection in totality. issues are twin-fold. The first issue is that can the goods be considered to be in CKD/SKD condition are complete goods or not, when some parts are not there. Second question relates to the applicability of exemption on the goods so imported by the appellant.*

12.4 The general principle that is applicable on these two issues is given in the statutory rules called General Rules for the Interpretation of the First Schedule of the Customs Tariff Act, 1975. The concerned Rule 2(a) says that when incomplete goods are presented before customs for clearance and they have the essential character of complete goods, they have to be classified as complete goods. I will examine the different issues involved with reference to judicial decisions.

12.5 If all the parts are presented in CKD condition and they have the essential character of a complete article, they have to be assessed as complete article. This has been held in the case of Procal Electronics India Ltd. vs. Commissioner - 2005 (185) E.L.T. A58 (S.C.)]. Here the Hon'ble Supreme Court agreed to the Hon'ble Tribunal and the Revenue holding that once the goods are imported in CKD condition and presented before Customs as such the goods are classifiable as complete electronic calculator. If some non-essential items are not present in the CKD pack, the latter can still become complete article as ruled in the case of Galaxy Agencies vs.C.C.E-2009(239)ELT478(Tri.) And in the case of Bayerische Motoren -2006 (193) E.L.T. 138 (A.A.R.), the AAR held that Motor cars imported in CKD units without seats have to be treated as complete cars.

12.6 But if the parts missing are essential, the CKD pack cannot constitute a complete article. The Hon'bie Tribunal in the case of Wipro GE Medical vs. CC, - 2006 (202) E.L.T. 141 (Tri.) held that the CKD pack does not constitute a complete scanning machine because it did not contain parts like probes, monitor and keyboard assemblies. A CKD pack containing all the parts to make a Toy car will be classified as a Toy car for basic customs duty under the Schedule but the exemption for components (as in exemption notification No.29/83-Cus) will also be admissible if the exemption is

> *specific for CKD parts. CC vs. Maestro Motors Ltd. vs. 2004(174)ELT289(SC).*
>
> *12.7 From the above, it is clear that Rule 2(A) stipulates that if all the parts are presented in CKD condition and they have the essential character of the complete article, they have to be assessed as complete article. If some non-essential items are not imported, the CK£) pack can still become complete article. But if the parts missing are essential, the CKD pack cannot constitute a complete article.*
>
> *12.8 I find that the adjudicating authority has erred in holding in para 25 impugned orders that the importer has imported the Toy parts in knock down condition that imparts essential character of toys and after assembly of which, complete toy can be formed. *I am of the considered view that a Battery operated Toy car cannot be treated as a 'complete toy' without a battery and a motor which is essential for the very basic operation of the toy car and in absence of which battery operated toy car cannot be considered as a complete toy and accordingly, it cannot be sold in market as a fully functional battery operated toy car.*
>
> *12.9 In view of above, I am of the opinion that the imported has rightly classified the imported goods under the category of Parts of Electric (Battery Operated) Ride on Toy Car and as the consignment do not have parts that are essential for making a complete article hence the imported goods cannot be considered as a complete toy and accordingly cannot be re-classified under CTH 95030010."*

12.1. We do not find any infirmity in the finding of the impugned order. Accordingly, we uphold the finding in the impugned order, regarding the classification of the goods.

12.2. Similarly, with regards to the BIS Certificate the Learned Commissioner (Appeals) had given a finding as under:-

“15. Before proceed further, it would be appropriate to examine the relevant provisions of Toys (Quality Control) Order 2020 dated 25.02.2020, effective from 01.01.2021 :

"Ministry Of Commerce And Industry (Department for Promotion of Industry and Internal Trade) ORDER New Delhi, the 25th February, 2020 S. O. 853(E). In exercise of the powers conferred by sub-sections (1) and (2) of section 16 read with section 17 and sub-section (3) of section 25 of the Bureau of Indian Standards Act, 2016 (11 of 2016), the Central Government, after consulting the Bureau, is of the opinion that it is necessary and expedient so to do in the public interest, hereby makes the following Order, namely:

1. Short title and commencement:

(1) This Order may be called the Toys (Quality Control) Order, 2020.

(2) it shall come into force with effect from 01.09.2020.

2. Application,- in this order, unless the context otherwise requires

(a) This Quality Control Order shall apply to (Toys) Product or material designed or clearly intended, whether or not exclusively, for use in play by children under 14 years of age or any other product as notified by the Central Government from time to time;

(b) This order shall apply to Toys as they are initially received by the children and, in addition, this shall apply after a toy is subjected to reasonably foreseeable conditions of normal use and abuse unless specifically noted otherwise."

From the above, it is evident that the Toys (Quality Control) Order 2020 dated 25.02.2020 is applicable to 'Toys' for use in play by children under 14 years of age. However, in the present case, the appellant has imported various parts of the toy car and none of the part can be considered as a toy

> *for use in play by children under 14 years of age unless and until a complete toy car is made by using all the parts which are required to assemble and make a fully functional toy car. Hence, the provisions of above order are not applicable in the present case.*
>
> *16. I also find support to the above view in light of the clarification provided by the BIS vide their letter dated 05/05/23, on similarly placed set of facts and questions wherein it has been clarified that the QCO is applicable only to toys and parts of toys which can be independently considered as toys. I also observe that on the basis of clarification the Directorate of Revenue Intelligence DRI had closed the investigation proceedings initiated against one of the importer. Question of prohibition of the goods under the provisions of the customs Act 1962 would arise only when they are covered under the QCO and there is a violation of such QCO. As the impugned goods are not covered under the QCO the need to examine it prohibition for imports doesn't arise in the present case."*

12.3. We find that the Commissioner (Appeals) has given a categorical finding for holding that provisions of Toys (Quality Control) Order 2020 dated 25.02.2020 is not applicable to the parts of the toys imported by the Respondent.

13. Thus, we hold that the imported items cannot be considered as a fully finished electrical toys in CKD/SKD condition. We also hold that the provisions of Toys (Quality Control) Order 2020 dated 25.02.2020 are not applicable to the parts of the toys imported by the Respondent. We hold that the imported goods are classifiable under CTH 95030091, as claimed by the Respondent. Thus, we hold that the Respondents are eligible for the benefit of exemption as provided by Notification No.50/2017 dated 30.06.2017. In view of the above findings, we do not find any infirmity in the impugned Order-In-Appeal passed by the learned Commissioner (Appeals).

14. Thus, we uphold the impugned Order-In-Appeal and reject the appeal filed by the Revenue. CROSS Applications filed by the Respondent is also disposed of.

(Pronounced in open court on 13.08.2026)

Sd/-
(P. K. CHOUDHARY)
MEMBER (JUDICIAL)

Sd/-
(K. ANPAZHAKAN)
MEMBER (TECHNICAL)

Nihal