

# Tax Update

## CBIC notifies revised procedures and timelines for finalising provisional customs duty assessments

On 12 September 2025, the Ministry of Finance (Department of Revenue) notified the Customs (Finalisation of Provisional Assessment) Regulations, 2025, under Section 18 and Section 158(2)(ii), read with Section 157(d) of the Customs Act, 1962, replacing the earlier 2018 regulations. These regulations aim to streamline the process of converting provisional assessments into final assessments, ensuring certainty in duty liability and protecting revenue interests.

### Key provisions:

- **Applicability:** The new regulations apply to all provisional assessments that are pending as of the date of enforcement, i.e., 12 September 2025, as well as to all provisional assessments made thereafter. For finalisation, each bill of entry or shipping bill that has been assessed provisionally shall be treated as a separate and distinct case.
- **Submission of documents/information:** Proper officer must intimate importer/exporter within 15 days of provisional assessment regarding documents/information required. Importer/exporter must furnish them within 2 months; extendable by another 2 months by proper officer, and further by superior officer but not beyond 14 months from the date of provisional assessment.
- **Enquiry process:** Where any further enquiry is required, it must be completed within 14 months of provisional assessment and findings forwarded to proper officer. Additional documents during enquiry are to be sought within prescribed timelines.
- **Pending cases as on 29 March 2025:** For provisional assessments pending as of this date, the timelines for the submission of documents or enquiry completion will be reckoned from 29 March 2025.
- **Voluntary duty payment during pendency:** Importers/exporters may pay duty electronically on self-ascertainment during pendency. Such payment is adjustable against the final duty. Interest liability will apply as per Section 18(3).

- **Time-limit for finalisation:**
  - Proper officer must finalise within three months of receipt of documents or enquiry conclusion.
  - Time may be extended by two months at a time by superior officer, but overall not beyond two years from provisional assessment.
  - For cases pending as on 29 March 2025, the two-year period will be reckoned from that date.
  - The Commissioner of Customs may extend by a further one year on sufficient cause.
- **Finalisation manner:** A speaking order shall be required where final assessment differs from provisional. If confirming provisional, the importer/exporter has to be informed in writing. Deficiency payments are to be made against the returned bill of entry/shipping bill, with excess duty/security to be refunded/cancelled. Refunds are to be processed under Section 18(4) and (5).
- **Closure and enforcement:** Bonds/security executed at the time of provisional assessment are to be cancelled/credited once obligations are discharged. Where duty/interest/fine/penalty remains unpaid beyond 90 days, recovery will be made through the adjustment of security or Section 142 proceedings.
- **Penalty:** Non-compliance or contravention by importer/exporter/customs broker attracts penalty under Section 158(2)(ii) of the Customs Act, in addition to other statutory actions.

### Our comments

The CBIC's notification is a progressive step aimed at ensuring timely closure of long-pending provisional assessments and providing certainty in duty liability. The regulations extend to both existing and future provisional assessments, thereby addressing systemic pendency.

While the move is undoubtedly welcome, practical challenges remain in terms of adherence to the prescribed timelines, particularly in cases where provisional assessments are linked to ongoing Special Valuation Branch (SVB) proceedings, pending DRI investigations, or matters under litigation. In such instances, the statutory deadlines may face stress, raising questions about enforceability in complex fact patterns.

Equally important is the balance between revenue protection and taxpayer rights. In the drive towards time-bound "finalisation," it is essential that the assessee's submissions and representations are duly considered, and natural justice is not compromised.

Overall, the regulations signal the CBIC's intent to instil procedural discipline in assessment finalisation. However, their success will depend on consistent application by field formations, effective handling of exceptions, and robust stakeholder engagement to ensure fairness and certainty for trade.

**Connect  
with us on**



@Grant-Thornton-Bharat-LLP



@GrantThorntonIN



@GrantThorntonBharat



@GrantThorntonBharatLLP



@Grantthornton\_bharat



GTBharat@in.gt.com

© 2025 Grant Thornton Bharat LLP. All rights reserved.

Grant Thornton Bharat LLP is registered under the Indian Limited Liability Partnership Act (ID No. AAA-7677) with its registered office at L-41 Connaught Circus, New Delhi, 110001, India, and is a member firm of Grant Thornton International Ltd (GTIL), UK.

The member firms of GTIL are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered independently by the member firms.

GTIL is a non-practicing entity and does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.