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CUSTOMS UPDATE



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Eligible Manufacturer Importer – Eligibility criteria announced

Following the initial announcement in the **Budget 2026 notification, Circular No. 08/2026-Customs** was issued on **February 28, 2026**. This circular provides specific procedural clarifications regarding the specialized facility for **Eligible Manufacturer Importers (EMI)** to defer the payment of Customs import duty. This measure is intended to streamline the clearance process and encourage manufacturers to eventually transition to higher **AEO (Authorized Economic Operator)** status.

1. Purpose and Timelines

- **Effective Date:** The facility is available to approved EMIs starting **April 1, 2026**.
- **Validity Period:** The scheme remains operational until **March 31, 2028**.
- **Purpose:** It aims to expedite the clearance of imported goods at Ports, Airports, and Inland Container Depots by separating the physical clearance of goods from the immediate payment of duty.
- **AEO Transition:** The two-year window is intended to help manufacturers obtain **AEO T2/T3 accreditations**, which provide even greater facilitation benefits.

2. Eligibility Criteria for EMIs

To be recognized as an EMI, an applicant must satisfy the following conditions:

- **Business Status:** Must be an importer as defined by the Customs Act and either a manufacturer under the CGST Act or an importer sending goods without payment of tax to a job worker under Section 143 of the CGST Act.
- **Customs Activity:**
 - Non-MSME applicants - must have filed at least **25 Export Import (EXIM) Documents** (i.e. Bills of Entry or Shipping Bills) in the preceding financial year
 - MSME - must have filed at least **10 EXIM documents**
- **Financial Threshold:** The annual aggregate turnover of all GSTINs under the same PAN must exceed Rs 5 Crore in the previous financial year.
- **Business Continuity:** Must have active business operations for at least **two financial years** prior to the application date.
- **Compliance Record:** Must have filed all pending **GSTR-3B** returns, with:
 - No instances of tax collected but not deposited with the Government.
 - No arrests, convictions, or pending prosecutions under Customs, GST, or Excise laws for the applicant or its directors.

3. Application Forms and Portal Details

- **Electronic Filing:** Applications must be submitted via **www.aeoindia.gov.in** under the "Eligible Manufacturer Importer" tab starting **March 1, 2026**.

- **Appendix-I:**
 - **Part A:** General details including IEC, PAN, and MSME/AEO status.
 - **Part B:** For manufacturer-importers; requires manufacturing unit addresses and HSN codes for key raw materials/ finished goods.
 - **Part C:** For importers using job workers; requires job worker' GSTIN details and verification of their manufacturing status.
 - **Part D:** Legal and financial compliance, covering solvency, net worth, and criminal history.
 - **Part G:** Mandatory undertakings regarding the accuracy of information and future liability.

4. Appendix-II

Applicants must upload the following supporting documents:

- Copies of **IEC** and **PAN**.
- **GST Registration Certificates** for every GSTIN under the PAN.
- **Audited Financial Statements** for the last two financial years.
- **Chartered Accountant Certificate** (Appendix-III) confirming solvency and net worth, including a **UDIN**.
- **Property Rights Documents:** Lease/rent agreements or Title deeds for manufacturing premises.
- **GST ITC-04** filings, if applying through the job-worker route.

5. Duty Payment Timeline

Once approved, the importer should indicate the intent to defer the customs duty payment by using **Flag "D"** in the Bill of Entry. Payments must follow the below schedule:

- **For April to February:** Duty for goods cleared in a month must be paid by the **1st day of the following month**.
- **For March:** Duty for goods cleared throughout March must be paid by **March 31st**.
- **Pre-payment Option:** Importers can choose to pay their challans any time before the due date for their convenience.

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Bhuta Shah & Co LLP (BSC) is a dynamic professional Chartered Accountants firm with a distinctive blend of skill sets, experience and expertise. Established in the year 1986, we operate from our Head Office in Nariman Point, Mumbai while having 6 offices across India in Mumbai, Pune, Ahmedabad and New Delhi. We offer our clients a wide range of services including Audit & Assurance, Direct Taxation, Indirect Taxation, Transaction Advisory, Corporate Finance, Corporate Advisory, Risk Advisory, Cyber Security and Resolution & Insolvency Advisory. We provide services to a diverse set of leading Indian and Multinational Clients, including FPIs, Mutual Funds, Large Banks, Broking Institutions, Listed Companies including Pharmaceutical Companies, Manufacturing Companies, Insurance Companies, Realty Companies, Jewellery Companies, Hospitals and several other Large and Medium Businesses. Our forte is high quality services to our clients based on the core principles of Quality, Focus, Timeliness and Commitment. The Leadership Team comes with rich experience and is supported by a competent and efficient team of Professionals including Chartered Accountants, Professionals with Big-4 Consulting and Industry experience, Advocates, Company Secretaries, MBAs, Former IRS Officers, who are committed to providing timely, professional and quality services to our clients.

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