

Circular No. 05/2025-Customs

F.No.450/247/2023-Cus IV
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Indirect Taxes & Customs)

Room No. 229A, North Block,
New Delhi, dated 17th February, 2025

To,

All Principal Chief Commissioners/Chief Commissioners of Customs/Customs (Preventive)
All Principal Chief Commissioners/Chief Commissioners of Customs & Central Tax
All Principal Commissioners/ Commissioners of Customs/Customs (Preventive)
All Principal Director Generals/ Director Generals under CBIC

Subject: Automation of Refund Application and Processing in Customs – reg.

Madam/ Sir,

With the focus on reducing time and cost of trading across the borders, Customs has been taken constantly taking several reform measures aimed at simplification, digitization and making the process efficient and effective. This is in-line with announcement by Hon'ble Finance Minister to digitize all the remaining Customs processes by mid-2026. For example, system-based automated clearances for certain imports of authorized importers were introduced in Customs to reduce the time-taken in this regard. Similarly, all the payments made to the Customs have made digital through electronic payment gateway of ICEGATE.

1.2 On the similar lines, one of the important aspects identified by CBIC for automation is relating to refund procedure under Customs.

2.1 Customs Act, 1962 provides for processing the claim for refund by any person of any Customs duty and interest paid or borne by him under section 27. Further, Refund is also sanctioned for export duty in certain cases under Section 26 or under certain notifications such as 102/2007-Customs.

2.2 Currently, Refund Application under section 27 is filed manually in terms of Customs Refunds Application (Form) Regulations, 1995. Board has already stipulated procedure for handling of refunds under Board Circular No. 24/2007-Cus dated 2nd July, 2007 and Circular No. 22/2008-Customs dated 19th Dec, 2008. In short, it *inter-alia* provides for processing of refunds at different stages i.e receipt, acknowledgement, deficiency memo, issuance of speaking order including on aspects of unjust enrichment, audit mechanism, monitoring mechanism etc. In particular, the mechanism of compulsory concurrent audit (pre-audit) in case of refund of more than 5 lakh,

compulsory post-audit in the case refund for amount between Rs 50,000/- and Rs. 5 lakh and post-audit on the basis of the random selection in the case refund of amount below Rs 50,000/- exists.

3. Manual processing and disbursal of refund amount is time-consuming and requires physical interface. Further, the status of the application is also not readily available to the trade. To enhance transparency and for electronic disbursal of refunds, an online processing and disbursal of Customs duty refund applications has been developed and is enabled on the Customs Automated System.

4.1 The key aspects relating to the electronic processing of refund is indicated below for the ease of reference:

- (a) Applicant may file Refund Application electronically on ICEGATE Portal in terms of Customs Refunds Application (Form) Regulations, 1995 along with the supporting documents such as Unjust enrichment certificate etc.
- (b) In case re-assessment of Bill of Entry is required before refund, option to request re-assessment is also enabled on ICEGATE. Once re-assessment is done, the pre-filled refund application form will be made available for the applicant to file his refund claim.
- (c) As the refund amount will be credited to the Bank account already registered in Customs Automated System, applicant may check and update the details before filing their refund application.
- (d) On successful filing of Refund Application at the ICEGATE Portal, Unique Application Reference Number (ARN) will be generated immediately before its scrutiny or checking for its completeness by the Proper Officer.
- (e) On receipt of Refund Application, the proper officer shall scrutinise the application and intimate any deficiency in the application within 10 days of ARN on the ICEGATE dashboard. The proper officer may ensure that all the queries are sent in one-go and piece-meal queries are avoided.
- (f) If there is no deficiency or all the deficiencies have been rectified, acknowledgement number shall be generated by the proper officer on the Portal and same will be available to the user.
- (g) The show-cause Notice in case of rejection or the order for refund sanction or rejection shall be communicated electronically through ICEGATE Portal. Proper officer may pass a speaking order and also including examination of aspects relating to the unjust enrichment.
- (h) Board has decided to do away with the concurrent audit of refund claims in all cases, and shift the same to post-audit, in view of processing of refund application in electronic

environment. The manner of selection for audit will be finalized by DG-Audit in consultation with DG ARM.

- (i) On sanction of Refund, the amount will be electronically credited to the Bank Account of the Applicant through PFMS system. The process of crediting the refund amount in the Consumer Welfare Fund would continue to be handled in the manner as it exists now. The fact of crediting the refund amount to the Consumer Welfare Fund will be part of refund order.
- (j) The status of the application will be made available to the applicant at ICEGATE Dashboard.
- (k) The MIS reports regarding refunds pendency, is also available to the customs officers for efficient, effective and transparent monitoring.

4.2 The Board Circulars No. 24/2007-Cus dated 2nd July, 2007 and Circular No. 22/2008-Customs dated 19th Dec, 2008 stands modified to the above extent.

4.3 The DG (Systems) shall issue detailed guidelines on the processing of Refund application.

5. As a transitional measure, applicant may file refund either manually or online modes till 31.03.2025. However, no manual refund application shall be accepted after 31st March, 2025, unless the same is allowed by the concerned Pr. Commissioner/ Commissioner of Customs, for the reasons to be recorded in writing.

6. This Circular may be given wide publicity by issue of suitable Trade Notice/ Public Notice. The Officers under your jurisdiction may be sensitized to handhold the stakeholders for using this module. Difficulties, if any, in the implementation of the above Circular may be brought to the notice of the Board.

Hindi version follows.

Yours sincerely

Sanjeet Kumar

(Sanjeet Kumar)
Under Secretary (Cus IV)
Customs Policy Wing