



**OFFICE OF THE COMMISSIONER OF CUSTOMS (NS-I),
MUMBAI ZONE-II, Group 1 & 1A,
JAWAHARLAL NEHRU CUSTOM HOUSE, NHAVA SHEVA,
DIST-RAIGAD, MAHARASHTRA - 400 707.
Tel. Nos. 27241055, 27244739, Fax: 27241828**

File No. CUS/APR/SCN/1936/2025-Gr (1And1A)

Date: 29.12.2025

SCN No.: 1748/2025-26/JC GR. I & IIA/NS-I/CAC/JN/4
S/10-Adj. - 155/2025-26/JC GR. I & IIA/NS-I/CAC/JN/4
DIN: 20260178NW0000764485

**Subject: Show Cause Notice under Section 28(4) of the Customs Act, 1962, in
respect of goods imported by M/s Chemie Trade (IEC 0394062809) reg;**

M/s Chemie Trade (IEC 0394062809) having address at 403, Dilkap Chambers, Off. Veera Desai Road, Andheri (West), Mumbai-400053 (hereinafter referred to as 'the Importer' for sake of brevity) had imported goods declared as "YUCCA EXTRACT LIQUID/POWDER" for clearance under **CTH 2308 0000**.

2. During scrutiny of bills of entry by DG Audit, Mumbai (Central), it was observed that M/s Chemie Trade has imported 04 consignments of the item "YUCCA EXTRACT LIQUID/POWDER" during the period April 2022 to June. The importer classified the said goods under CTH 2308 0000 "Vegetable materials and vegetable waste, vegetable residues and by-products, whether or not in the form of pellets, of a kind used in animal feeding, not elsewhere specified or included" and paid BCD @ 15%, while IGST exemption was availed under S. No. 102 of Notification No. 02/2017-Integrated Tax (Rate) dated 30.06.2017.

3. On scrutiny of the product description, usage pattern, and nature of the goods, it was noticed that **YUCCA EXTRACT LIQUID/POWDER** is a **vegetable extract**, obtained by extraction from the Yucca plant and is used for therapeutic and medicinal purposes, including treatment of osteoarthritis, joint pain, high blood pressure, migraine headache, diabetes and other conditions.

4. The imported goods are not vegetable waste, residues, or by-products of a kind used in animal feeding. Instead, the goods are **vegetable extracts**, having specific medicinal and therapeutic applications, and therefore cannot be classified under **CTH 2308 0000**.

5. As per the **Customs Tariff Act, 1975**, the goods described as: "Vegetable saps and extracts; pectic substances, pectinates and pectates; agar-agar and other mucilages and thickeners, whether or not modified, derived from vegetable products; Vegetable saps and extracts: Other: Extracts: Other" are correctly classifiable under **CTH 1302 1919** and attract BCD @ 15% along with applicable duties. Further, as per **S. No. 03 of Schedule-III of Notification No. 01/2017-Integrated Tax (Rate) dated 28.06.2017**, goods falling under **CTH 1302** attract **IGST @ 18%**.

6. HSN Explanatory Notes to Chapter 23.08 & 13.02 are reproduced below for reference:
23.08 •VEGETABLE MATERIALS AND VEGETABLE WASTE. VEGETABLE RESIDUES

AND BY-PRODUCTS, WHETHER OR NOT IN THE FORM OF PELLETS, OF A KIND USED IN ANIMAL FEEDING, NOT ELSEWHERE SPECIFIED OR INCLUDED. Provided they are not included in any other more specific heading of the Nomenclature and are of a kind used in animal feeding, this heading covers vegetable products, vegetable waste, and residues and by-products from the industrial processing of vegetable materials in order to extract some of their constituents. It covers, inter alia : (1) Acorns and horse-chestnuts. (2) Maize (corn) cobs after removal of the grain; maize (corn) stalks and leaves. (3) Beet or carrot tops. (4) Peelings of vegetables (pea or bean pods, etc.). (5) Waste of fruit (peel and cores of apples, pears, etc.) and fruit pomace and marc (from the pressing of grapes, apples, pears, citrus fruit, etc.), even if they may also be used for the extraction of pectin. (6) Bran obtained as a by-product from the crushing of mustard seed. (7) Residues left after the preparation of coffee substitute (or extracts thereof) from cereal grains or other vegetable materials. (8) By-products obtained by concentrating residual waters from citrus fruit juice manufacture, sometimes known as "citrus fruit molasses". (9) Residues from the hydrolysis of maize (corn) cobs to obtain 2-furaldehyde, known as "hydrolysed ground corn cobs". The products of this heading may be in the form of pellets (see the General Explanatory Note to this Chapter).

13.02 • VEGETABLE SAPS AND EXTRACTS; PECTIC SUBSTANCES, PECTINATES AND PECTATES; AGAR-AGAR AND OTHER MUCILAGES AND THICKENERS, WHETHER OR NOT MODIFIED, DERIVED FROM VEGETABLE PRODUCTS. •

Vegetable saps and extracts :

1302.11 • • Opium

1302.12 • • Of liquorice

1302.13 • • Of hops

1302.14 • • Of pyrethrum or of the roots of plants containing rotenone

1302.19 • • Other

1302.20 • Pectic substances, pectinates and pectates • Mucilages and thickeners, whether or not modified, derived from vegetable products :

1302.31 • • Agar-agar

1302.32 • • Mucilages and thickeners, whether or not modified, derived from locust beans, locust bean seeds or guar seeds

1302.39 • • Other (A) Vegetable saps and extracts.

The heading covers saps and extracts (vegetable products usually obtained by natural exudation or by incision, or extracted by solvents), provided that they are not specified or included in more specific headings of the Nomenclature (see list of exclusions at the end of Part (A) of this Explanatory Note). These saps and extracts differ from the essential oils, resinoids and extracted oleoresins of heading 33.01, in that, apart from volatile odoriferous constituents, they contain a far higher proportion of other plant substances (e.g., chlorophyll, tannins, bitter principles, carbohydrates and other extractive matter).

7. Thus, the imported goods "**YUCCA EXTRACT LIQUID/POWDER**" merit classification under **CTH 1302 1919** and not under **CTH 2308 0000** as declared by the importer. Consequently, the IGST exemption availed under Notification No. 02/2017-IGST (Rate) is inadmissible.

Sr. No	Chapter or Heading or Sub-Heading or Tariff Item	Description of Goods	Standard Rate	Integrated Goods & Services Tax	Condition No.
(1)	(2)	(3)	(4)	(5)	(6)
3	13021919	Vegetable saps and extracts; pectic-		18%	-

	substances, pectinates and pectates; agar-agar and other mucilages and thickeners, whether or not modified, derived from vegetable products			
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8. By mis-classifying the goods under **CTH 2308 0000** and wrongly availing IGST exemption, the importer has short-paid IGST amounting to **₹ 10,24,148/-**, as detailed in **Annexure-A** to this Notice..

9. Accordingly, a Consultative Letter dated 16.06.2025 was issued to the importer vide F. No. S/26-Misc-455/2025-26/Gr. I&IA (RUD-1), advising the importer to pay the differential duty of **₹ 10,24,148/-**, under Section 28 of the Customs Act, 1962 along with applicable interest and penalty thereon under Section 28AA of the Customs Act, 1962. However, no reply has been received from the importer yet.

10. From above discussions and facts, it appears that the importer has deliberately and wilfully mis-classified the subject goods with an intention to **wrongfully avail IGST exemption**, thereby suppressing material facts and evading payment of IGST which has resulted in a loss to the government exchequer. By resorting to the aforesaid mis-classification of the subject goods, the importer has short paid IGST amounting to ₹ 10,24,148/- as detailed in **Annexure-A**.

11. It also appears that consequently, the duty short paid is recoverable from the importer under section 28(4) of the Customs Act, 1962 along with applicable interest under Section 28AA of the Customs Act, 1962 and for the same reason penalty is also required to be imposed on the importer under Section 112 (a) & (b) and/or Section 114A of the Customs Act, 1962. Further, as the importer has mis-declared the classification of the imported goods and has availed undue benefit of concessional duty, it also appears that the subject goods are liable for confiscation under Section 111 (m) of the Customs Act, 1962 and the importer is liable for penalty under Section 112 (a) & (b) and/or 114A ibid.

12. From the foregoing, it appears that importer has deliberately and wilfully mis-classified the subject goods with an intention to wrongfully avail IGST exemption. Thus, the importer has evaded payment of duty which has resulted in a loss to the government exchequer equal to the differential duty. Therefore, for the acts of omission and commissions mentioned above the importer has rendered themselves for Penal action under Section 114AA of the Customs Act, 1962.

13. Whereas, consequent upon amendment to the Section 17 of the Customs Act, 1962 vide Finance Act, 2011, 'Self-assessment' has been introduced in customs clearance. Section 17 of the Customs Act, effective from 08.04.2011, provides for self-assessment of duty on imported goods by the importer himself by filing a Bill of Entry, in the electronic form. Section 46 of the Customs Act, 1962 makes it mandatory for the importer to make entry for the imported goods by presenting a bill of entry electronically to the proper officer. Thus, with the introduction of self-assessment by amendments to Section 17, since 08.04.2011, it is the added and enhanced responsibility of the importer more specifically the RMS facilitated Bill of Entry, to declare the correct classification, description, value, notification benefit, etc. and to correctly classify, determine and pay the duty applicable in respect of

the imported goods. In other words, the onus on the importer in order to prove that they have classified the goods correctly by giving the complete description of the goods.

14. As discussed above, it is the responsibility of the importer to classify the goods under import properly. In the instant case, the importer has wrongly assessed the above said impugned goods and paid at lower rate of IGST. It appears that the importer has done the self-assessment wrongly with an intention to get financial benefit by paying lesser duty. The wrong assessment of goods is nothing but suppression of facts with an intention to get financial benefit. Hence, it appears that the importer has suppressed the facts, by wrong assessment of the impugned goods leading to short payment of duty. As there is suppression of facts, extended period of five years can be invoked for demand of duty under Section 28(4) of the Customs Act, 1962.

15. Legal provisions applicable in the case:

After the introduction of self-assessment vide Finance Act, 2011, the onus is on the importer to make true and correct declaration in all aspects including classification and calculation of duty, but in the instant case the subject goods have been mis-classified and duty amount has not been paid correctly. **Section 17 (Assessment of duty)**, subsection (1) reads as:

'An importer entering any imported goods under section 46, or an exporter entering any export goods under section 50, shall, save as otherwise provided in section 85, self-assess the duty, if any, leviable on such goods.'

a. Section 28 (Recovery of duties not levied or not paid or short-levied or short-paid or erroneously refunded) reads as:

'(4) Where any duty has not been levied or not paid or has been short-levied or short-paid or erroneously refunded, or interest payable has not been paid, partly paid or erroneously refunded, by reason of:-

- a. collusion; or
- b. any wilful mis-statement; or
- c. suppression of facts.

by the importer or the exporter or the agent or employee of the importer or exporter, the proper officer shall, within five years from the relevant date, serve notice on the person chargeable with duty or interest which has not been so levied or not paid or which has been so short-levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice.

b. Section 46 (Entry of goods on importation), subsection (4) reads as:

'(4) The importer while presenting a bill of entry shall make and subscribe to a declaration as to the truth of the contents of such bill of entry and shall, in support of such declaration, produce to the proper officer the invoice, if any, and such other documents relating to the imported goods as may be prescribed.'

c. Section 111 (Confiscation of improperly imported goods etc.)

reads as:

'The following goods brought from a place outside India shall be liable to confiscation:

(m) any goods which do not correspond in respect of value or in any other particular with the entry made under this Act or in the case of baggage with the declaration made under section 77 in respect thereof, or in the case of goods under trans-shipment, with the declaration for trans-shipment referred to in the proviso to sub-section (1) of section 54;

d. Section 112 (Penalty for improper importation of goods etc.)

reads as: 'Any person, -

- a. who, in relation to any goods, does or omits to do any act which act or omission would render such goods liable to confiscation under section 111, or abets the doing or omission of such an act, or
- b. who acquires possession of or is in any way concerned in carrying, removing, depositing, harboring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111, shall be liable, -
- i. in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty not exceeding the value of the goods or five thousand rupees, whichever is the greater;
- ii. in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent. of the duty sought to be evaded or five thousand rupees, whichever is higher.'

e. Section 114A (Penalty for short-levy or non-levy of duty in certain cases):

'Where the duty has not been levied or has been short-levied or the interest has not been charged or paid or has been part paid or the duty or interest has been erroneously refunded by reason of collusion or any wilful mis-statement or suppression of facts, the person who is liable to pay the duty or interest, as the case may be, as determined under sub-section (8) of section 28 shall also be liable to pay a penalty equal to the duty or interest so determined.'

f. 114AA. Penalty for use of false and incorrect material:

'If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.'

16. In view of the above facts, it appears that the importer **M/s Chemie Trade (IEC 0394062809)** has deliberately not paid the duty by wilful mis-statement as it was his duty to declare correct applicable rate of duty in the entry made under Section 46 of the Customs Act, 1962, and thereby evaded duty amounting to Rs. 10,24,148/- (Ten Lakh Twenty Four Thousand One Hundred Forty Eight Only) as detailed in Annexure-A. Therefore, for their acts of omissions/commissions, the differential duty, so not paid, is liable for recovery from the importer under Section 28 (4) of the Customs Act, 1962 by invoking extended period of limitation, along with applicable interest under section 28AA of the Customs Act, 1962.

17. It also appears that as the importer has mis-declared the classification of the imported goods and has availed undue benefit of concessional duty, the subject goods are liable for confiscation under Section 111(m) of the Customs Act, 1962 and the importer is liable for penalty under Section 112(a)/114A and 114AA ibid.

18. Now, therefore, **M/s Chemie Trade (IEC 0394062809)** having address 403, Dilkap Chambers, Off, Veera Desai Road, Andheri (West), Mumbai-400053 is hereby called upon to show cause to The Joint Commissioner/ Commissioner of Customs, Group-I/IA, Jawaharlal Nehru Custom House, Nhava Sheva -I, Taluk - Uran, District Raigad, Maharashtra - 400 707, as to why: -

- i. Differential Duty amounting to **Rs. 10,24,148/- (Ten Lakh Twenty Four Thousand One Hundred Forty Eight Only)** with respect to the items covered under Bills of entry as mentioned in Annexure-A should not be demanded under Section 28 (4) of the Customs Act, 1962 along with applicable interest as per Section 28AA of the Customs Act, 1962.
- ii. The subject goods as detailed in Annexure-A having a total assessable value of **Rs. 48,83,873 (Forty Eight Lakh Eighty Three Thousand Eight Hundred Seventy Three Only)** should not be held liable for confiscation under Section 111(m) of the Customs Act, 1962.
- iii. Penalty should not be imposed on the importer under Section 112(a)/114A and 114AA of the Customs Act, 1962.

19. **M/s Chemie Trade IEC 0394062809** is required to state in their replies, specifically whether they wish to be heard in person by the Adjudicating Authority, namely, The Joint Commissioner/ Commissioner of Customs, Jawaharlal Nehru Custom House, Nhava Sheva -I, Taluk – Uran, District Raigad, Maharashtra – 400 707, before the case is adjudicated. If no specific mention is made about the same in their written submission, it shall be presumed that they do not wish to be heard in person and the case would be adjudicated on the basis of evidences on record. They should produce at the time of showing cause all the evidences upon which they intend to rely in support of their defense.

20. **M/s Chemie Trade IEC 0394062809** is further required to note that their reply should reach within 30 (thirty) days from the date of receipt of this notice. If no cause is shown against the action proposed above within 30 days from the receipt of this notice or if they do not appear before the adjudicating authority as and when the case is posted for hearing, the case is liable to be decided *ex parte* on the basis of facts and evidences available on record.

This Show Cause Notice is issued without prejudice to any other action that may be taken against the notice(s), under this Act or any other law for the time being in force in India, or against any other company, person(s), goods and conveyances whether named in this notice or not. The Department reserves its right to amend, modify or supplement this notice at any time on the basis of available/further evidences prior to the adjudication of the case.

Digitally signed by
Jay Girijappa Waghmare
Date: 29-12-2025
11:59:05

(Jay G. Waghmare)
Joint Commissioner of Customs
Gr-1, NS-I, JNCH

Encl: Annexure-A & RUD-1

To,

M/s Chemie Trade IEC 0394062809
403, Dilkap Chambers, Off, Veera Desai Road,
Andheri (West), Mumbai-400053

Copy to:

1. The Assistant Audit Officer, Director General of Audit (Central), Mumbai, C-25, Audit Bhavan, Bandra Kurla Complex, Bandra(E)- 400 051. Email ID: pdacentralmumbai@cag.gov.in
2. The Dy. Commr. Of Customs, CAC, JNCH (for Adjudication).
3. CHS Section, JNCH (For display on Notice Board.)
4. EDI Section, JNCH (For publish on JNCH Website)
5. Office copy.



OFFICE OF THE COMMISSIONER OF CUSTOMS (NS-I), MUMBAI
ZONE-II,
JAWAHARLAL NEHRU CUSTOM HOUSE, NHAVA SHEVA,
TAL - URAN, DIST-RAIGAD, MAHARASHTRA - 400 707.

F. No. S/26-Misc-455/2025-26/Gr.I&IA
DIN - 2025 0678 NW 000000 € 629

To.

Date: 06.2025

M/s Chemie Trade
403, Dilkap Chambers, Off. Veera Desai Road,
Andheri (West), Mumbai-400053,

Gentlemen,

Sub: Short levy of IGST due to misclassification of the item "YUCCA EXTRACT LIQUID/POWDER"-reg

1. M/s Chemie Trade, had filed bills of entry mentioned in Annexure-A for clearance of "YUCCA EXTRACT LIQUID/POWDER" under CTH 23080000.
2. During the audit of Bills of Entry, it was observed that 04 consignments pertaining to the item "YUCCA EXTRACT LIQUID/POWDER" were imported by M/s Chemie Trade through Commissionerate of Customs (NS-1), Jawaharlal Nehru Custom House (JNCH), Nhava Sheva during the period April 2022 to June 2023. The imported items were classified under CTH 2308 0000 "VEGETABLE MATERIALS AND VEGETABLE WASTE, VEGETABLE RESIDUES AND BY-PRODUCTS, WHETHER OR NOT IN THE FORM OF PELLETS, OF A KIND USED IN ANIMAL FEEDING, NOT ELSEWHERE SPECIFIED OR INCLUDED" and levied BCD @15% along with other duties. IGST Exemption was taken under S. No. 102 of IGST Notification 02/2017 dated 30th June 2017.

Since the imported item YUCCA EXTRACT LIQUID/POWDER is an extract and is being used to cure osteoarthritis, high blood pressure, joint pain, migraine headache, diabetes, and many other conditions and it is not the vegetable waste or residue, the item cannot be classified under CTH 2308 0000.

Therefore, the items should be classified under CTH-13021919 with BCD @15% and IGST @18% under S. No. 3 of Schedule III of the IGST Notification 02/2017.

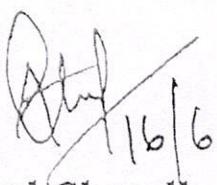
Thus, the misclassification of the item resulted in short levy of IGST of Rs. 10,24,148/- (Annexure enclosed)

you agree with the above view, it is advised to pay the above-mentioned differential duty amount under section 28 of the Customs Act, 1962 along with applicable interest and penalty thereon under Section 28AA of the Customs Act, 1962 within 15 days of receipt of this letter. The amount of duty and interest along with penalty @15% may also be paid in respect of any other such consignment of goods imported by you earlier and which is not included in the Annexure-A.

In case, you do not agree with the prima-facie views described above, please reply with your substantive contentions supported with documents (including for pre E-Sanchit period such as invoice, packing list, bill of lading etc.) in respect of Bills of entry mentioned in Annexure-A and convey If you would like to be heard in person.

4. It is requested to reply within 15 days of receipt of this letter, informing your agreement (along with duty and interest paid) or disagreement with the above views as the case may be.

5. This consultation letter is issued taking into account the Pre-notice Consultation Regulations, 2018. The Department reserves the right to proceed in terms of the relevant provisions including Section 28 of the Customs Act, 1962.



16/6
(Atul Choudhary)

Dy. Commissioner of Customs,
Group-1&1A, NS-I, JNCH

Annexure to OBS- 1253967