FAQ ON DEFERRED DUTY PAYMENT FOR AEOs

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1. What is deferred duty payment?

It is a mechanism for delinking duty payment and Customs clearance. It is based on the principle ‘Clear first-Pay later’. The aim is to have a seamless wharf-to-warehouse transit in order to facilitate just-in-time manufacturing.

As a part of the ease of doing business focus of the Government of India, the Central Board of Indirect Taxes and Customs (CBIC) has rolled out the AEO (AUTHORIZED ECONOMIC OPERATOR) programme. It is a trade facilitation move wherein benefits are extended to the entities that have demonstrated strong internal control systems and a willingness to comply with the laws administered by the CBIC.

Under the aegis of the flagship AEO scheme, the GoI has notified the Deferred Payment of Import Duty Rules, 2016 (hereinafter referred to as the Rules) vide Notification No 134/2016-Customs (NT) and 135/2016-Customs (NT), both dated 02 Nov 2016.

2. Who is eligible to avail of this scheme?

This benefit is currently being extended to importers holding AEO T-2 or T-3 status.

3. Where do I get registered?

Every importer certified as AEO-T2/AEO-T3 must have the ICEGATE Login to avail the benefits envisaged in the Duty Deferment Scheme. A nodal person needs to be appointed by the AEO to authenticate all the customs-related transactions on behalf of the AEO. The contact details of the AEO nodal person shall also be provided during registration for the ICEGATE login to ensure that the information reaches them in time at their registered email and mobile for authentication. Any change in these details should be updated immediately. Caution needs to be exercised in the course of this process to ensure that the benefit does not get misused.

4. Once registered, what is the process to avail the benefit of deferred duty?

The eligible importer, who intends to make a deferred payment, or his authorised representative, shall indicate the same using the flag "D" in the Payment Method column of each Bill of Entry filed. In his/her ICEGATE Login, the AEO Nodal person will be able to acknowledge such intent of availing the facility of deferred duty payment by authenticating using a one-time password (OTP) sent to their registered e-mail address. The Nodal person would be able to authenticate multiple Bills of Entry at one go. Only on such authentication by the AEO, customs clearance would be provided for the consignment under the deferred payment of duty Rules.

5. What are the due dates for payment of duty?

BE *assessed* from 1^{st} – 15^{th} day of any month: 16^{th} of the month

BE *assessed* from 16^{th} – last day of the month, except March: 1^{st} day of the following month

BE *assessed* from 16^{th} -31^{st} March: 31^{st} March

6. What will be the due date when the due date falls on a holiday?

It would be the next day following the holiday.

7. What happens if I do not pay duty on or before the due date?

Dual consequences shall arise if the duty is not paid within the time limits specified. **Firstly**, interest will become due on the duty; **Secondly**, this shall also be counted as a default in terms of the Rules. If a subsequent default in payment occurs, the AEO shall automatically revert to transaction-wise payment and will need to pay the duty in the bank before taking clearance of his goods. That is, the importer shall not be allowed to clear the next consignment without payment of duty.

8. How does the Default and Suspension Mechanism work?

A default is counted for each due date where duty is not paid on time, irrespective of the number of BEs linked to that due date. When a new BE is filed, the system automatically checks defaults in the preceding 90 days (from the date of filing of the current BE). If two or more defaults are detected within these 90 days, the deferred duty facility is **suspended**, and duty has to be filed in transaction mode for the current BE.

9. How does the Restoration of Deferred Duty Facility work?

Once the defaults within the 90-day lookback are reduced to less than two, and all previous dues with interest are paid and closed in the system, the facility is **automatically restored**. In other words, the suspension would be automatically revoked after ninety days of the last but one default, if all the dues have been paid by the AEO.

10. Is it compulsory to pay only on a deferred basis for all my consignments? Can I clear any consignments by paying duty for each transaction?

Importers eligible for this scheme have the flexibility to pay transaction-wise (i.e. BE-wise) for any consignments, as well as on a consolidated basis for sets of BEs at any time during the specified period. Duty can be paid even before the due date at their convenience. For example, for 10 BEs filed during the period 01-10-2025 to 15-10-2025, the importer may pay duty for #1, 2, 5, 7 on 10-10-2025; for BE 3 at the time of clearance itself and for BE 4, 6, 8, 9, 10 on 16-10-2025.

11. Will a consolidated challan be generated for payment?

No. To ensure flexibility, challans continue to be generated BE-wise, with the option to select multiple challans for consolidated duty payment.

12. Can the Bills of Entry (BE) be sorted port-wise?

Yes, the AEO can select BE port-wise and then authenticate the BEs either separately or in groups for availing of the Deferred Duty facility.

13. How to handle the situation where a re-assessment is sought for the BE?

When the BE is under reassessment, the Challan will not be available for payment, and there is a possibility that the reassessment will not be completed by the due date of payment. In such a case, the system will consider it as a Default. Hence, where reassessment is sought, the importer **must first pay the existing assessed duty before reassessment** to avoid automatic suspension of the deferred duty facility. If the final duty assessed is lower than the duty already paid, the importer may apply for a refund. If the Importer paid the duty before re-assessment, and the duty increases after assessment, a differential duty challan will be generated. The payment for this differential duty challan has to be made before *its* due date (which can be different from the due date of the original challan).

14. How to handle the situation where an amendment is sought for the BE?

Where an amendment to BE is sought, the Challan will not be available for payment, and there is a possibility that the amendment process will not be completed by the due date of payment. In such a case, the system will consider it as a Default. Hence, where an amendment is sought, the Importer **must first pay the existing assessed duty before submitting the amendment request** to avoid automatic suspension of the deferred duty facility. If the Importer paid the duty prior to carrying out the amendment, and the duty increases after the amendment, a differential duty challan will be generated, and this will not be considered a default.

15. What to do if you have already made the payment, and the payment date is not updated in the Customs Systems and is shown as a default?

The AEO may contact the Alternate/System Manager (SM/ASM) of the concerned port. After verifying the payment details, the SM/ASM may close the default BoE in the ICES under the "Arrears of Revenue" option in the 'ICLK' role. However, this will **not** automatically reinstate the Deferred Duty facility if it has been suspended due to delayed payment.

16. What to do if you are seeing Multiple BEs with the same number and amount reflecting in the ICEGATE portal?

You may contact the ICEGATE helpdesk to resolve the issue.

17. What to do if there has been an ICEGATE system error while making the payment?

In this case, the AEO may approach the DG Systems with details of the issue, screenshots and any proof about the contentions, for verifying the issue. If the issue is proven to be from the part of the Systems, the DG Systems may take suitable action on the issue.

18. What to do if the Challan is not reflecting for payment?

Check if any amendment or reassessment is pending. If not, approach the DG Systems with details of the issue for taking suitable actions.

19. Who can I contact for further support?

ICEGATE helpdesk (1800-3010-1000 / icegate.helpdesk@icegate.gov.in) or the AEO Program Manager (011 – 23310013 / diccbec.dor@gov.in) may be contacted for further queries or support.