Circular No.85/2003
24th September, 2003

F.No.528/21/2003-CUS(TU)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs

Subject : Import of palm oil/Palmolein in refined/crude forms - regarding.

I am directed to say that doubts have been expressed regarding classification of palm oil/palmolein imported in refined or crude forms.

2. This matter was also discussed in the Conference of Chief Commissioners held at Mumbai on 21st and 22nd August, 2003, minutes of which have been issued vide F.No. 401/86/2003-CUS-III dated 4th September, 2003.

3. According to the Explanatory Notes to the HSN, under heading 15.07, fixed vegetable oils, fluids or solid obtained by pressure are to be considered as 'crude' if they have undergone no processing other than decantation, centrifugation or filtration, provided that, in order to separate the oils from solid particles only mechanical force, such as gravity, pressure or centrifugal force has been employed, excluding any absorption filtering process, fractionation or any, other physical or chemical process. If obtained by extraction an oil shall continue to be considered as "crude" provided it has undergone no change in colour, odour or taste when compared with the corresponding oil obtained by pressure.

4. Crude palmolein is orange red in colour due to the presence of carotenoids. The carotenoids are destroyed during bleaching and distillation when the oil is refined.

5. With effect from 1st August, 2003, for the purposes of duty assessment, crude palm oil and its fractions (which includes palmolein) have been given a more specific definition vide Notification No.120/2003-Cus dated 1.8.2003 (which amends Notification No.21/2002-Cus. Dated 1.3.2002). As per this definition, "crude" palm oil/palmolein should have acid value of 2% or more and total carotenoid (as beta carotene) in the range of 500-2500 mg/Kg, in loose or bulk form.

6. The above carotenoid range has been prescribed on the basis of Composition Characteristics 2.6 of CODEX STANDARD for Named Vegetable Oils(CODEX-STAN 210-1999).

7. Crude palm oil/palmolein would be classified under sub-heading 15111000 of the Customs Tariff.

8. So far as refined, bleached and deodorized (RBD) palm oil/palmolein is concerned, the same should conform to the specifications of refined vegetable oil under category A.17.15 of the Prevention of Food Adulteration Act, 1956. Such RBD palm oil/palmolein would be classified under sub-heading 15119010 of the Customs Tariff.

9. If any grade of palm oil/palmolein cannot be categorized as crude palm oil/palmolein or as RBD palm oil/palmolein as per specifications mentioned above, it will fall under the residuary category of 'other-other', under sub-heading 15119090.

10. The next issue is regarding assessment of imports which have taken place **prior to 1.8.2003**. It is observed that prior to 1.8.2003 the item 'crude palm oil/palmolein' was neither defined in the tariff nor in any exemption notification. Keeping this in view, it has been decided that Bills of entry filed for home consumption prior to 1.8.2003, should be assessed on the basis of test reports of samples drawn by the Port Health Officer (PHO). If the reports mention the item as 'crude palm oil/palmolein' or as 'palm oil/palmolein which needs further

processing', the report should be accepted and assessment finalized accordingly. If the test reports indicate the item as RBD palm oil/palmolein, the assessment should be finalized under sub-heading 15119010.

11. However, if the test reports do not contain indications as mentioned above, the matter will have to be examined as to whether provisions of section 28A of the Customs Act, 1962, can be invoked in this case or not based on the general practice of assessment in the past. For this, a report is being sought separately from the Commissioners.

12. In respect of warehoused goods which are cleared for home consumption after 1.8.2003 (even though imports may have taken place prior to this date) the assessment will be done as per section 15(1)(b) of the Customs Act, 1962, i.e. at the rate applicable on the date on which the Bill of Entry is filed for home consumption of the warehoused goods.

13. Action may be taken accordingly in respect of past, pending and future clearances of palm oil/palmolein.

14. Kindly acknowledge receipt of this Circular.

15. Hindi version will follow.

D.S. Garbyal
Under Secretary to the Government of India
Phone No. 23094182

IndiaCode