Circular No. 32/2007-Cus.

F. No. 528/96/2001-Cus.(TU)

Government of India

Ministry of Finance

Department of Revenue

Central Board of Excise & Customs

159A, North Block, New Delhi-1.

Dated 10th September, 2007.

To

All Chief Commissioners of Customs.

All Chief Commissioners of Customs & Central Excise.

Chief Departmental Representatives, CESTAT.

All Commissioners of Customs.

All Commissioners of Customs & Central Excise.

Subject: Classification of Digital Still Image Video Camera - Admissibility of Notification benefits - reg.

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It has come to the notice of the Board that divergent practices are being followed by field formations regarding classification of 'Digital Still Image Video Camera' and consequent import duty exemption benefits. The doubt raised in the field formations was whether 'digital camera with still image as well as moving image capability' would be eligible for exemption benefit under the entry as 'Digital Still Image Video camera'.

2. Prior to 1.1.2007, tariff Item 8525 40 00 of the Customs Tariff Act (CTA) 1975, covered "still image video cameras and other video camera recorders; digital cameras". According to Harmonized System (HS) Explanatory Notes (Third edition, 2002), the apparatus of sub-heading 8525.40 consisted of a combination of video camera and a video recording or reproducing apparatus; these apparatus record the images taken by the camera. All types of digital cameras perform these functions. With effect from 1.1.2007, based on HS 2007 changes, all digital cameras have been grouped under tariff item 8525 80 20 of the Customs Tariff Act, 1975 as 'digital cameras'. However, 'Video Camera Recorders' are separately classifiable under Tariff Item 8525 80 30.

3. Import duty exemption was extended to 'Digital Still Image Video camera' falling under sub-heading 8525.40, vide entry at Serial Number 314 of Notification No.21/2002-Customs dated 1.3.2002. This exemption is presently covered under Serial Number 13 of Notification No. 25/2005-Customs dated 1.3.2005. Since the notification entry at Sl. No. 314 of Notification No.21/2002-Cus. dated 1.3.2002 used the words 'video' as well as 'still image', there was a doubt in the field formations whether this entry covers such digital cameras which are capable of both still image photography as well as video film shooting.

4. This issue was deliberated at the Conference of Chief Commissioners' on Tariff and Allied Matters in 2006, wherein it was decided that only those digital cameras that record still images on Video format are covered under the description of the exemption entry i.e. 'digital still image video cameras'. However, to ensure uniformity, it was decided that the Board would issue a circular in this regard. The minutes of this Conference were circulated to the field formations.

5. The WCO has clearly outlined the features of the Digital Video camera. Such cameras have been described as Digital cameras that capture light images, convert them to digital electronic signals and then record such digital image data on internal or removable media (built-in memory or diskettes). These images can be reproduced by connecting the camera to a video monitor (or TV), an ADP machine, or by inserting the media in the ADP machine. This type of digital cameras can produce both video signals (e.g., NTSC, PAL, SECAM or other similar video format) and computer readable image data like MPEG.

6. The term 'Video' relates to recording, reproducing or broadcasting of visual images. It is a technology of electronically capturing, recording, processing, storing, transmitting, and reconstructing a sequence of still images representing scenes in motion. The term "Still image video" camera covers the types of camera that take still images and stores them as single frame of video. These single video frames, when reproduced at a specified frame rate achieve an illusion of a moving image. The minimum frame rate is about fifteen frames per second. The term 'digital still image video camera' covers only digital cameras that have the capability of taking still images. This would also include digital cameras that take moving images for limited period of time although they are primarily still image cameras. Such cameras fall under tariff item 8525 80 20. However, digital cameras that can take both still images and moving images like Camcorder or video recorder falling under Tariff item 8525 80 30 shall not be covered under the said entry. Digital still image video cameras can also be differentiated from the still cameras of heading 9006 i.e. photographic film cameras. Cameras of this type are also not eligible for the benefit of these notifications.

7. It is accordingly clarified that the benefit of entry at Sl. No. 314 of notification No.21/2002-Cus. as well as Sl.No.13 of Notification 25/2005-Customs dated 1.3.2005 would be available to 'digital cameras' with still image recording as its principal function. This would also include those digital cameras that have the capability of recording moving images for a limited period of time.

8. Field formations may finalise the pending assessments, if any, accordingly.

Yours faithfully,

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