

CBIC-190354/190/2022-TRU Section-CBEC

**Government of India
Ministry of Finance
Department of Revenue
Tax Research Unit**

North Block, New Delhi

Dated, 7th June, 2024

To

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

Subject: Customs duty on Display Assembly of a cellular mobile phone-reg

Madam/Sir,

Reference is invited to S. No. 5D of notification No. 57/2017-Customs dated 30.06.2017 that provides a concessional basic custom duty (BCD) rate of 10% for Display Assembly for use in manufacture of a cellular mobile phone and a Nil BCD rate on inputs or parts for use in manufacture of a Display Assembly for use in manufacture of a cellular mobile phone.

2. While the notification No. 57/2017-Customs clearly prescribed the applicable BCD rates on Display Assembly of cellular mobile phone and its parts, instances of misdeclaration of Display Assembly imported as parts were reported. On request, the Ministry of Electronics and Information Technology (MeitY) shared a Technical Document, vide O.M. No. W-14/2/2020-IPHW dated 23.09.2020 that provided the prominent constituents of a Display Assembly of cellular mobile phones which was shared with the field formations for ease of assessment.

3. However, misdeclaration, as above, seems to have continued in certain cases, which were intercepted by Directorate of Revenue Intelligence (DRI) and other field formations, with issuances of demand notices in a few cases recently. In the wake of the investigation by DRI and other field formations, the industry has made representations to MeitY for intervention in the matter. As per the request from MeitY, Circular No. 14/2022-Customs dated 18.08.2022 was issued to provide clarity regarding the parts of display assembly and its interpretation.

4. Thereafter, MeitY has again highlighted that the matter is still not resolved, and there are interpretational challenges still being faced by the industry with respect to interpretation of display assembly. MeitY stated that the concessional BCD rate of 10% is not being extended to display assembly by classifying it as others based on the interpretation of the technical document dated 23.09.2020 and the circular No. 14/2022-Customs dated 18.08.2022.

5. Thereafter, on the request of MeitY, the applicable BCD rate on “mechanics”, die-cut parts”, other parts of cellular mobile phone falling under tariff item 8517 79 90” for use in manufacture of cellular mobile phone was reduced to 10% vide notification Nos. 08/2024-

Customs and 09/2024-Customs dated 30.01.2024. Thereafter, MeitY has conveyed that while the notifications gave prospective clarity with respect to extension of concessional BCD rate of 10% for display assembly, the issues exist regarding the interpretation of display assembly for the past period.

6. MeitY has particularly raised issues of ambiguity in the interpretations of Circular No. 14/2022-Customs dated 18.08.2022, and requested DoR to examine the interpretation of display assembly of cellular mobile phone as per circular No. 14/2022-Customs dated 18.08.2022, by considering a revised list of items that are included/excluded from the display assembly of a cellular mobile phone. The matter was examined by a Committee constituted with officials from both CBIC and MeitY, which recommended a principle that may be used to determine the interpretation of display assembly for extending the concessional BCD rate.

7. Thus, in partial modification of circular No. 14/2022-Customs dated 18.08.2022, based on the request of MeitY, recommendation of the Committee for the clarifications on Interpretation of the Display Assembly of Mobile Phones and in exercise of the powers under Section 151A of the Customs Act, 1962, it is hereby clarified as under:

(i) The Display Assembly of a cellular mobile phone consists of the combination of following parts/components:

- a) *Touch Panel*
- b) *Cover Glass*
- c) *Brightness Enhancement Film*
- d) *Indicator Guide Light*
- e) *Reflector*
- f) *LED Backlight*
- g) *Polarizers*
- h) *Mounted OLED / LCD Driver IC for Display*
- i) *FPCs/FPCAs (flexible printed circuit board assembly) fabricated, embedded, fitted or attached to the display*
- j) *LCM (Liquid Crystal Module or LCD Module) [which consist of LCD (Liquid Crystal Display) Cell / pure Cell, or FOG (FPC on Glass), or COG (Chip on Glass)] or OLED Module*
- k) *Sensor(s) which are integral part of the display e.g. Fingerprint Sensor, Touch Sensor which have been fabricated, embedded, fitted or attached in the display assembly at the time of assembly / manufacturing of display assembly*

(ii) If the display assembly is imported with the following items/components which are fabricated, embedded, fitted or attached with the assembly, the whole integrated assembly should also be treated as a Display Assembly of a cellular mobile phone, attracting a BCD rate of 10%:

- a) *Frame / Support structure including front, back, or side - any form / material). Support frame may include hooks, fangs, and integrated sockets*
- b) *Receiver Mesh, Speaker Net*
- c) *Foam, sticker, protective film, mylar, conductive cloth*
- d) *SIM Socket*
- e) *SIM Tray*
- f) *Antenna Pin*
- g) *Side Keys like power key, slider switch, volume button*

(iii) Display Assembly of a cellular mobile phone may be imported with or without the items listed at (a) to (c) in para 7 (ii) above. Although, these items/components have no essential

function in display and only perform auxiliary function of providing strength, support, protection from dust, acting as adhesive material, protection from scratches, and structural stability, the attachment of these items on the display assembly does not alter the essential characteristic of display in any manner, and the assembly would continue to be treated as a Display Assembly of a cellular mobile phone. Further, the items listed at (d) to (g) in para 7(ii) above viz. SIM Socket, SIM Tray, Antenna Pin, Side Keys like Power Key, Slider Switch and Volume Button are not part of the Display Assembly of mobile phone. These may or may not come (fabricated, embedded, fitted or attached) with the display assembly depending upon the design of the display assembly. However, even if these items/components are imported as an integrated part (already fabricated, embedded, fitted or attached to the assembly) of the Display Assembly of a cellular mobile phone, the assembly continues to be a Display Assembly of a cellular mobile phone and a BCD rate of 10% shall be applied on the whole integrated assembly. However, if the items/components listed in (a) to (g) in para 7 (ii) above are imported individually, they will attract the BCD rate as applicable.

(iv) However, if the following items are fabricated, embedded, fitted or attached with the display assembly of a cellular mobile phone, then the benefit of BCD treatment provided to display assembly would not be available to such assembly. Then such assembly is to be treated as a general part of cellular mobile phone attracting BCD rate as applicable:

- Printed Circuit Board Assembly (PCBA) of mobile phone [except Mounted OLED / LCD Driver IC for Display & FPCs/FPCAs (Flexible Printed Circuit Board Assembly) for the purpose of display]
- Main lens for feature phones
- Housing of mobile phone (excluding Frame/Support structure including front, back, or side- any form/material for display assembly)
- Speakers
- Charger / Adapter
- Battery Pack
- Wired Headset
- Microphone and Receiver
- Camera Module
- Vibrator Motor / Ringer
- Key Pad of feature phone
- USB Cable

8. Difficulty faced, if any, in the implementation of the instructions, may be brought to the notice of the board.

Hindi version will follow.

Yours faithfully



Vinay V Nayak
Technical Officer