

CBIC initiates phase wise implementation of Electronic Cash Ledger in Customs effective from 1 April 2023

The Electronic Cash Ledger (ECL) functionality is envisaged in Section 51A of the Customs Act, 1961 (Customs Act), which provides that the importer, exporter, or any person liable to pay the duty, fees, etc., under the Customs Act has to make a non-interest bearing deposit with the government for the purpose of payment effective from 1 June 2022. Further, the Customs (Electronic Cash Ledger) Regulations, 2022 (ECLR) notified vide No. 20/2022-Customs (N.T) dated 30 March 2022 govern the manner of operationalization of ECL and related aspects.

Due to the pending development of IT infrastructure and necessary integration with authorized banks and the RBI, all the deposit classes were exempted till 31 March 2023 from the provisions of Section 51A. However, considering the present state of development and integration, and based on confirmation from the RBI, the Principal Chief Controller of Accounts and DG Systems, the Central Board of Indirect Taxes and Customs (CBIC), has decided to enable the ECL in phases from 1 April 2023 as under:

Phase	Date	Particulars
First phase	1 April 2023 to 30 April 2023	<p>The exemption to deposit from the provisions of Section 51A shall be restricted to the following:</p> <ul style="list-style-type: none">• Deposits with respect to goods imported or exported in Customs stations where the Customs automated system is not in place;• Deposits with respect to accompanied baggage;• Deposits with respect to goods imported or exported at international courier terminals;• Deposits other than those used for the electronic payment of any duty of customs, including cesses and surcharges levied as duties of customs; IGST; compensation cess; interest, penalty, fees, or any other amount payable under the Customs Act or the Customs Tariff Act, 1975.
Second phase	From 1 May 2023 onwards	<ul style="list-style-type: none">• The exemptions cited above would continue, except for the deposits with respect to the goods imported or exported at international courier terminals.• Payments relating to courier shipments must be made through ECL from 1 May 2023 onwards.

The CBIC has further clarified that for electronic payment, the payment made through the TR-6 challan for various purposes through the authorized bank counter at the Customs locations would be exempted from the provisions of Section 51A till such activity is also migrated to the ECL in subsequent phases.

The phased introduction of ECL is aimed at leveraging technology and reforming the payment process, inter-alia related to the clearance of goods, as the deposit may be held in ECL by the trade for making subsequent transaction-wise payments of various types.

