

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

Government of India

Ministry of Finance

Department of Revenue

Tax Research Unit

North Block, New Delhi

Dated, 18th August, 2022

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

Madam/Sir,

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

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 mis-declaration 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, mis-declaration, as above, seems to have continued in certain cases, which were intercepted by Directorate of Revenue Intelligence (DRI) and other field formations, with issuance of demand notices in a few cases recently where imports of assemblies consisting of display assembly and other parts of mobiles like mechanics etc have been made mis-declaring such an assembly as display assembly and claiming BCD rate of 10%. The industry has made representations to MeitY for intervention in the matter arguing that the investigation is having an adverse effect on the industry for future expansion and continuity of business.

4. Quoting these representations, MeitY reiterated its earlier Technical Document, but stated that Display Assembly of a cellular mobile phone if comes merely with a back support frame of metal/plastic and no other additional items, then such assembly may be subjected to BCD as Display Assembly of a cellular mobile phone at 10% since back support frame of metal/plastic does not add any functional part but is only for support of the display assembly. However, MeitY agreed and reiterated that if display assembly comes with additional parts such as mechanics or other items/sub-assemblies, in form of an assembly, the whole assembly

is liable to attract BCD at the rate of 15% as general parts of a cellular mobile phone under tariff item 8517 79 90.

4.1 As stated by MeitY, the Display Assembly of a cellular mobile phone consists of the following:

- (a) Touch Panel
- (b) Cover Glass
- (c) Brightness Enhancement Film
- (d) Indicator Guide Light
- (e) Reflector
- (f) LED Backlight
- (g) Polarizers
- (h) LCD Driver mounted on a Flexible Printed Circuit (FPC)
- (i) FPC specifically needed for rendering display functions
- (j) LCM (Liquid Crystal Module or LCD Module) [which consists of LCD (Liquid Crystal Display) Cell/pure Cell, FOG (FPC on Glass), and COG (Chip on Glass)] or OLED Module

Further, MeitY has stated that display assembly consisting of above items comes merely with a Back support frame of metal/plastic alone attached to it [with no other items except the items mentioned at (a) to (j) above], such an assembly should be treated as a Display Assembly of a cellular mobile phone, attracting BCD rate of 10%.

(An annexure with pictures and schematic representations of the items mentioned above as received from MeitY is also enclosed in the circular for the ease of identification and assessment).

5. MeitY has stated that Display Assembly of a cellular mobile phone is an assembly of the components and sub-components as mentioned above and are put together to form a single assembly having the principal function of displaying images, text etc. MeitY also states that the Display Assembly of a cellular mobile phone may come with or without the back support frame of metal/plastic. MeitY has further stated, as mentioned above, that if display assembly comes with additional parts such as mechanics or any other items, in form of an assembly, the whole assembly is liable to attract BCD at the rate of 15%.

6. After the inter-ministerial consultations with MeitY regarding mis-declaration of imports as detailed above and the recommendation now made by MeitY, the following is brought to the notice of field formations.

7. Display Assembly of a cellular mobile phone may be imported with or without the back support frame of metal/plastic fitted in the assembly. Although, back support frame of metal/plastic has no essential function in display and only provides strength, protection and structural stability, the mere attachment of back support frame of metal/plastic 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. Therefore, if display assembly of mobile phone is imported with merely a back support frame of metal/plastic attached to it, the assembly continues to be Display Assembly of a cellular mobile phone and a BCD rate of 10% shall be applied on such assembly consisting of Display Assembly and only the back support frame of metal/plastic in addition [though Back support frame of metal/plastic, if imported individually, will attract a BCD rate of 15%].

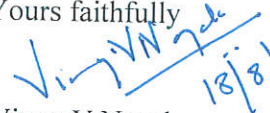
8. However, if any other item like the sim tray, antenna pin, speaker net, power key, slider switch, battery compartment, Flexible Printed Circuits (FPCs) for volume, power, sensors,

speakers, finger print etc, come fitted along with a Display Assembly with or without a back support frame of metal/plastic, then the whole assembly attracts a BCD rate of 15%. Such assembly [consisting of a Display Assembly of a cellular mobile phone with or without back support frame, plus any other parts as mentioned herein] is not eligible for the benefit of concessional rate of 10% BCD rate under S. No 5D of notification No. 57/2017-Customs.

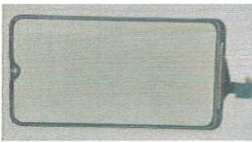
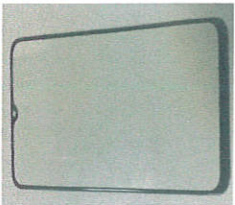
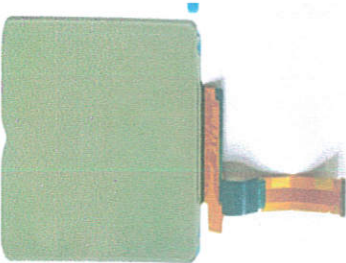
9. An annexure with the illustrative exhibits and pictures of the items listed in para (4) as received from MeitY is enclosed. Difficulty faced, if any, in the implementation of the circular, may be brought to the notice of the board.

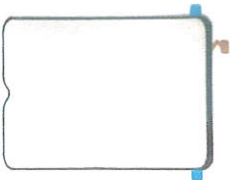
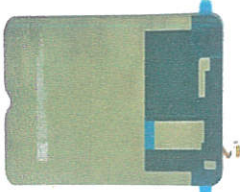
Hindi version will follow.

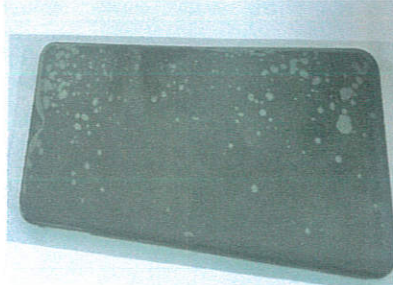
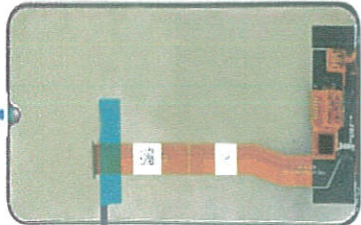
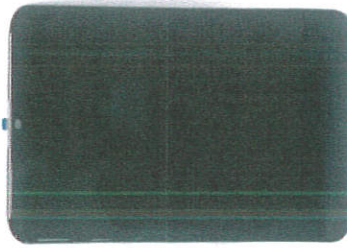
Yours faithfully


18/8/2022
Vinay V Nayak
Technical Officer

ANNEXURE

S.No.	Description	Indicative Images
1	Touch Panel	
2	Cover Glass	
3	LCM (Liquid Crystal Module) - Front and Back View	 
4	Brightness Enhancement Film: It is a thin reflective film which enhances the light on the display panel.	

5	Indicator guide Light		
6	Reflector		
7	LED backlight / Back Light Unit (BLU)	  	
8	Polarizers		
9	LCD driver mounted on a Flexible Printed Circuit (FPC)		
10	FPC (Flexible Printed Circuit) needed for rendering display functions		

11	Back support frame of metal / plastic (classified as Mechanics) - Provides strength, protection and structural stability to the Display Assembly	
12	Display Assembly with / without Back Support Frame - Front and Back View	 Back View  Front View  Back View  Front View Display Assembly with Back Support Frame Display Assembly without Back Support Frame