

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5193

ANSWERED ON:10.12.2010

CUSTOMS DUTY EVASION

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Gaikwad Shri Eknath Mahadeo

**Will the Minister of FINANCE be pleased to state:**

(a) whether the case of major customs duty evasion by computer companies has come to the notice of Bangalore Zonal Unit of DRI during the recent time;

(b) if so, the details thereof; and

(c) the steps taken by the Government to recover unpaid duty/taxes etc.?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a)to(c): The details of major cases booked by Bangalore Zonal Unit during the recent time is as follows:-

July 2008- Inflow Technologies Pvt Ltd, importer of Computer Network & System etc. were undervaluing their imports by artificially splitting the value of the goods into System/Hardware value and Software value/license fee, by raising separate Invoices even though the system had inbuilt embedded software at the time of Import. Four Show Cause Notices were issued demanding total duty of Rs.395.31 lakh. The importer have so far deposited Rs.152.47 lakh towards the differential duty.

September, 2008- M/s Hewlett Packard India Sales Pvt Ltd., have been importing computers/laptops and their parts by heavily undervaluing them from their principals at Singapore and USA. Investigation revealed that they have undervalued their imports in the guise of various discounts. Two Show Cause Notices one demanding duty of Rs.1450 crore in respect of products and the other demanding duty of Rs.125 crore in respect of spares have been issued. The importer deposited an amount of Rs.34.25 crores on spares and Rs.45 crores on products.

August, 2009- M/s. Hewlett Packard India Sales Pvt Ltd. was evading Customs duty by misdeclaring and undervaluing imported consignments of CDs containing Operating Software (OS), which were imported prior to 8th July, 2009. Investigation has been completed and Show Cause Notice demanding duty of Rs.23.98 crore has been issued.