

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
NEW DELHI
PRINCIPAL BENCH-COURT NO. 1**

CUSTOMS APPEAL NO. 51371 OF 2025

[Arising out of Order-in-Original No. 34/VPS/Policy/2025 dated 08.08.2025 passed by the Commissioner of Customs (Airport & General), New Delhi]

M/S SILVER LINE GLOBAL FREIGHT PVT LTD**APPELLANT**

294, First Floor, Right Side,
Habuda, Mohalla Village,
Rangpuri, New Delhi-110037

Vs.

COMMISSIONER OF CUSTOMS (AIRPORT & GENERAL)-NEW DELHI**RESPONDENT**

New Customs House,
Near IGI Airport,
New Delhi-110037

Appearance:

Shri Prashant V. Kubal, Consultant for the Appellant

Shri Girijesh Kumar, Authorised Representative for the Respondent

CORAM:

**HON'BLE MR. JUSTICE DILIP GUPTA, PRESIDENT
HON'BLE MR. P.V. SUBBA RAO, MEMBER (TECHNICAL)**

FINAL ORDER NO. 51824 /2025

**DATE OF HEARING : 24/10/2025
DATE OF DECISION : 08/12/2025**

P.V.SUBBA RAO

1. M/s Silver Line Global Freight Pvt Ltd.¹ filed this appeal to assail the order-in-original dated 08.08.2025 passed by the Commissioner of Customs (Airport & General), New Delhi² whereby he revoked the Customs Broker licence of the appellant, forfeited the entire amount of security deposit furnished by the

**1 the appellant
2 Commissioner**

appellant and imposed a penalty of Rs. 50,000/- on the appellant.

2. The appellant is a licenced Customs Broker whose licence was valid upto 07.08.2028. It had filed five shipping bills dated 11.12.2023 on behalf of M/s Felicity International³ for export of readymade garments to UAE from ICD Tughlakabad. On examination by the officers of Customs Preventive, it was found that the goods were mis-declared by the exporter and other discrepancies were found as follows:

- (a) The description of the goods was " Mens knitted hoody with zip made of branded cotton and MMF" whereas the tags on the garments showed that they were "100% polyester";
- (b) The declared value was Rs. 4,23,13,016/- whereas the market value of the goods as per the inquiry conducted by the SIIB officers was only Rs. 75,27,960/-;
- (c) The exporter as well as its suppliers as indicated in the documents were not found at their addresses indicated in the GST registration. Therefore, GST registration of the exporters were cancelled *suo moto* by the GST officers with effect from 07.02.2023 whereas the shipping bills were filed on 11.12.2023;
- (d) It was also found that as per statement of the G-card holder of the appellant, the shipping bill was filed on 11.12.2023 and they initiated exporter verification on 13.12.2023 i.e., after filing the Shipping Bill;

3 the exporter

- (e) The Joint Commissioner of Customs, ICD TKD issued a show cause notice to the exporter on 20.12.2024 and sent a copy to the Commissioner on 31.12.2024. Treating the SCN issued by the Joint Commissioner as an offence report, the Commissioner had suspended the licence of the appellant under a regulation 16(1) of Customs Broker Licensing Regulation, 2018⁴ and confirmed the suspension by an order dated 28.1.2025 under regulation 16(2). Aggrieved by the order confirming the suspension, the appellant filed an appeal before this Tribunal and by Final Order dated 19.05.2024 this Tribunal set aside the order of suspension.
- (f) Show Cause Notice⁵ dated 26.03.2025 was issued by the Commissioner to the appellant alleging violation of Regulation 10(a), 10(d), 10(e) and 10(n) of the CBLR and proposing action revocation of licence, forfeiting security deposit and imposition of penalty on the appellant. An inquiry officer was appointed who submitted his report dated 13.05.2025 stating that the appellant had violated the aforesaid regulations.
- (g) Thereafter Commissioner passed the impugned order.
3. We have heard learned counsel for the appellant and the learned authorized representative appearing for the department and perused the records.

4 CBLR
5 SCN

4. The short questions to be decided are (a) whether the appellant had violated Regulations 10(a), 10(d) and 10(n) of CBLR; and (b) if so, whether the revocation of the licence, forfeiting of the security deposit and imposition of penalty on the appellant is proportionate to the offence.

5. We now proceed to discuss the relevant provisions and the findings.

Regulation 10(a).

6. This regulation reads as follows:

"10. Obligations of Customs Broker.— A Customs Broker shall —

(a) obtain an authorisation from each of the companies, firms or individuals by whom he is for the time being employed as a Customs Broker and produce such authorisation whenever required by the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;"

7. The allegations in the SCN against the appellant with respect to this regulation is as follows:

"In the instant case it is evident that during the course of investigation by the SIIB officials, no authorization from Exporter in favour of CB were found during proceedings of investigation, further, neither the exporter nor suppliers were found existing at their declared places of business. Also, the GST registration of the exporter was found cancelled suo-moto with effect from 07.02.2023, whereas the shipping bills were filed on 11.12.2023. Thus, it creates doubt on the part of the CB, that how they obtained authorization from a non-existing firm."

8. The report of the Inquiry Officer regarding this regulation is as follows:

"(i) As regards to the first issue, I observe that it is evident that during the course of investigation by the SIIB officials, no authorization from Exporter in favour of CB were found during proceedings of investigation, further, neither the exporter nor suppliers were found existing at their declared places of business. Also, the GST registration of the exporter was found cancelled suo-motto

with effect from 07.02.2023. whereas the shipping bills were filed on 11.12.2023. Thus, it clearly shows that the CB obtained authorization from a non-existing firm to deceive the department.

(ii) Further I find that under his submission the CB argues on the ground that before proceeding to file the impugned S/B he had verified all the KYC details of the exporter but the CB failed to substantiate any allegations that are made under the said Regulation in the SCN. The CB defence based on fabricated Authorization letter to counter sabotage allegations, does not hold merit under the applicable legal provisions & Regulations.

(iii) In furtherance of my Inquiry I find that Sh. Mukesh Kumar Singh, G- Card Holder of M/s Silverline submitted the KYC documents of M/s Felicity International but on perusal of these documents it is clear that signatures of Mr Gurmeet Singh on these KYC documents are different from his signatures as available on the request letters dated 17.01.2024 & 23.01.2024 submitted by M/s Felicity International to this office.

(iv) Hence, after going through the case records, statements and submissions made by the Customs Broker at the time of personal hearing, I observe that the said Customs Broker have violated Regulation 10(a) of the CBLR 2018 in as much as he has failed to obtain an authorisation of the companies, firms or individuals by whom he is for the time being employed as a Customs Broker and produce such uthorisation. Hence, I found this article of charge is to be established/proven."

9. The finding of the Commissioner in the impugned order regarding this clause is as follows:

"17.2.1. I Finds that Regulation 10(a) mandates that a Customs Broker must obtain a valid authorization from their client, be it a company, firm, or individual-whom they represent. This authorization should confirm that the Customs Broker is officially engaged to act on behalf of that client. The Broker is also required to produce this authorization whenever demanded by the Deputy/Assistant Commissioner of Customs. This provision ensures accountability and formal consent in all client-broker dealings.

17.2.2. In the present case, it has been observed that during the investigation conducted by the SIIB officials, no authorization document issued by the exporter in favour of the Customs Broker (CB) was found. This absence of authorization is a direct contravention of Regulation 10(a) of the Customs Brokers Licensing Regulations, 2018, which requires the CB to obtain and produce valid authorization from the client whenever demanded. Moreover, the exporter and the associated suppliers were found non-existent at their declared business premises,

which raises serious concerns regarding the genuineness and due diligence undertaken by the CB while accepting the work.

17.2.3. I finds that the GST registration of the exporter, M/s Felicity International, was cancelled suo-motu with effect from 07.02.2023, whereas the shipping bills were filed by the CB much later on 11.12.2023. This discrepancy strongly suggests that the CB could not have possibly obtained a valid authorization from a non-existent entity whose GST registration was already cancelled."

10. The submission of the learned counsel for the appellant is that the appellant had, indeed, obtained an authorization from the exporter before filing the shipping bill along with all the KYC documents. A copy of the letter of authorization given by the exporter is placed at page no. 189 of the appeal, and the KYC documents are annexed at page 190-209 of the appeal. The authorization letter is dated 01.12.2003 and admittedly the shipping bills were filed on 11.12.2023 after the authorization. The SCN alleged that the appellant had not obtained an authorization from the exporter because the SIIB officers could not find the authorization at the time of investigation. Further, the SIIB officers also found that the appellant and its suppliers were not available at their places of business as per the GST registration. The SCN also records that the GST registration of the exporters was cancelled *Suo Moto* with effect from 07.02.2023 and the shipping bills were filed on 11.12.2023. Therefore, the doubt in the SCN was how the appellant could have obtained an authorization from the non-existing firm. The findings of the inquiry officer and the Commissioner in the impugned order are also on the same ground.

11. We find that SCN does not say that the appellant was asked to produce a copy of the authorization by the SIIB officers

and that he either said that he had no authorization or that he failed to produce the authorization. All that the SCN says is that the SIIB officers could not find it during investigation. If they had asked the appellant for the authorization things would have been clear. The failure of the SIIB officers to find the authorization does not prove that it did not exist on that date. The second reason for holding that the appellant had not obtained authorization was that during investigation the SIIB officers found that the exporter was not functioning at the place of business declared in the GST registration. It was also found that the GST registration was cancelled *Suo Moto* with effect from 07.02.2023 before the Shipping bills were filed on 11.12.2023. What the SCN does not say is when the GST registration was cancelled.

12. It is a common for the department to cancel GST registrations with retrospective effect. If the registration was cancelled with retrospective effect, the registration may have been valid at the time of filing of the Shipping Bills on 11.12.2023. As for the doubt as to how the authorization could have been issued and when exporter did not exist at the place of business, it is evident from the SCN itself with the department also proceeded on the belief that the exporter existed at the place of business. Otherwise, the department would not have issued to the exporter GST registration that with that address as the place of business. When Government of India proceeds on the belief that the exporter existed from the place of business,

the Customs Broker cannot be faulted for entertaining a similar belief and acting accordingly.

13. In view of above, we find the charge that the appellant had not obtained an authorization from the exporters is not correct and needs to be rejected.

Regulation 10(d)

14. Regulation 10(d) which reads as follows:

"10. Obligations of Customs Broker.— A Customs Broker shall —

(d) advise his client to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof, and in case of non-compliance, shall bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;"

15. The SCN records the finding as a reason for alleging that the appellant had violated regulation 10(d).

"In the instant case the goods were declared as "Mens knitted hoody with zip made of blended with cotton and MMF" whereas hoody item was having tags on which it was mentioned '100% polyester' and the value of the goods was declared as Rs.4,23,15,016/-, whereas the value ascertained by market enquiry conducted by the SIIB officials has been found to be Rs. 75,27,960/-, which was just 17.79% of the FOB value declared by the exporter. Thus, it appears that the CB has not advised his client properly while filing shipping bill of mis-declaration goods instead assisted the exporter in mis-declaration of value of goods."

16. The inquiry officer recorded the finding regarding violation of Regulation 10(d):

"In the instant case the goods were declared as 'Mens knitted hoody with zip made of blended with cotton and MMF' whereas hoody item was having tags on which it was mentioned "100% polyester and the value of the goods was declared as Rs.4,23,15,016/-, whereas the value ascertained by market enquiry conducted by the SIIB officials has been found to be Rs. 75,27,960/- which was just 17.79% of the FOB value declared by the exporter. Thus, it appears that the CB has not advised his client properly while filing shipping bill of mis-declared goods instead assisted the exporter in mis-declaration of value of goods."

17. The Commissioner recorded the following findings regarding the violation of Regulation 10(d);

"17.3.1. I finds that Regulation 10(d) of the CBLR, 2018 mandates that a Customs Broker (CB) must advise their client to comply with the provisions of the Customs Act, 1962 and all other allied laws, rules and regulations. Furthermore, if the client is found to be in non-compliance, it is the duty of the CB to immediately bring such violation to the notice of the Deputy Commissioner or Assistant Commissioner of Customs. This regulation places a legal and ethical responsibility on the CB to act not merely as an agent for documentation but as a facilitator of lawful trade.

17.3.2. In the instant case, it is found that the goods were declared as "Men's knitted hoody with zip made of blended cotton and MMF", whereas physical inspection revealed that the garments bore tags indicating "100% polyester". This misdeclaration of composition directly violates Section 111(m) of the Customs Act, 1962. Moreover, the declared FOB value of ₹4,23,15,016/- was grossly inflated as compared to the value of ₹75,27,960/- ascertained through independent market inquiry conducted by SIIB officials, indicating overvaluation by approximately 82.21%.

17.3.3. I find that these discrepancies clearly suggest that the Customs Broker failed to discharge his obligations under Regulation 10(d). Rather than advising the exporter to file a correct declaration, the CB appears to have facilitated or at the very least ignored the mis-declaration of the nature and value of the goods. Further, CB didn't this misclassification and over valuation to the Deputy/Assistant Commissioner of Customs as required. Such omission reflects gross negligence, if not collusion, and renders the CB liable for action under Regulation 14 of the CBLR, 2018 for failure to uphold compliance responsibilities as per Regulation 10(d)."

18. We find from the above that the case of the department is that since the exporter had mis-declared goods description and the value of the goods, it proves that the appellant had not advised the exporter to follow that provisions of the Act, other allied acts and Regulations. This logic is untenable. There is no evidence whatsoever as to what the appellant had advised or not advised the exporter. It is perfectly possible that the appellant had advised the exporter to follow the Act and Rules but the exporter still mis-declared the goods. It must also be noted that

the Customs Broker is a processor of documents and he has no right to either examine the goods or determine their value or take part in assessment in any way. Only the exporter knows the nature of goods, quantity, value etc. The officer can verify the same and also open and examine the goods. The appellant Customs Broker has no such authority.

19. All that can be expected from the Customs Broker is that he files the Shipping Bills or Bills of Entry correctly as per the documents which have been made available to him. If there are discrepancies in the documents he should bring them to the notice of the exporter and if necessary to the notice of the Assistant Commissioner. The reasoning that since the exporter had mis-declared the goods it means that the appellant had not advised the exporter is without any basis. The allegation that the Customs Broker had violated regulations 10(d), therefore, deserves to be rejected.

20. Regulation 10(e) reads as follows:

"10. Obligations of Customs Broker.— A Customs Broker shall-

(e) exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to clearance of cargo or baggage;"

21. The SCN records the following in respect of Regulation 10(e);

"The CB was well aware of the goods as well as their value is bring mis-declared, but he didn't bother to intimate the department. While as per said Regulation of CBLR, 2018 he is required to show due diligence to ascertain the correctness of any information which he imparts to a client with reference to clearance of cargo."

22. The Inquiry officer recorded the finding which is as follows:

"(i) As regards to the third issue, I observe that it is undisputed fact that the CB was well aware of the goods as well as their value is being mis-declared but he didn't bother to intimate the department. While as per said Regulation CBLR, 2018 he is required to show due diligence to ascertain the correctness of any information which he imparts to a client with reference to clearance of cargo.

(ii) During the course of Inquiry I also find that M/s Silverline (CB) had not received any payment from M/s Felicity International (dummy exporter) however the Customs Broker neither raised any objections nor sounded any alarm to alert the department about the exporter's fraudulent activities. Rather, by remaining silent in tax fraud scheme, the Customs Broker deceived the department. Accordingly, I do not find any merits on the facts presented by the CB in their submission to substantiate the allegations made in the SCN.

(iii) Hence after going through the case records, statements and submission made Customs Broker have violated Regulation 10(e) of the CBLR, 2018 in as much as he failed to exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to clearance of cargo or baggage. Hence, I found this article of charge is to be established/ proven against the CB."

23. The Commissioner recorded his findings as follows:

"17.4. As per Regulation 10(e) of the Customs Brokers Licensing Regulations, 2018, it is the duty of the Customs Broker (CB) to exercise due diligence to ascertain the correctness of any information provided to a client in relation to the clearance of cargo. However, in the present case, the CB was evidently aware that the description and declared value of the goods were incorrect, yet he ignore to exercise due diligence to ascertain the correctness of any information provided to a client. The CB, instead of verifying the authenticity of the product description and value declared by the exporter, facilitated the filing of the shipping bill with knowingly incorrect particulars. His failure to exercise due diligence and his silence despite being aware of the mis-declaration amounts to gross negligence and is in direct violation of Regulation 10(e). Such conduct warrants appropriate action under the provisions of Regulation 14 of CBLR, 2018."

24. A plain reading of regulation 10(e) shows that the Customs Broker has to ensure that he imparts correct information to his client. Nothing in the facts to this case shows that the appellant

had provided some information to its clients, namely, the exporter and such information was not correct or that the appellant had not taken due diligence to ensure that the incorrect information was correct. There is no recording whatsoever as to what incorrect information was provided by the appellant to its client. Therefore, the finding of violation Regulation 10(e) cannot be sustained.

Regulation 10(n)

25. Regulation 10(n) reads as follows:

"10. Obligations of Customs Broker.— A Customs Broker shall —

(n) verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information;"

26. The SCN records the following regarding the violation of Regulation 10(n):

"As evident the CB didn't verify the credentials of their client before filing the Shipping Bills. As discussion in above, paras that as per the statement of G-card holder Shri Mukesh Kumar Singh of CHA, the SB was filed on 11.12.2023, while they had initiated the exporter verification on 13.12.2023. Also the GST registration of the exporter was found cancelled su-moto with effect from 07.02.2023."

27. The inquiry officer recorded the following finding that with respect to this violation:

(i) As regards to the fourth issue, I find that the CB didn't verify the credentials of their client before filing the impugned Shipping Bills. It is pertinent to reveal that the Statement of G- card holder Shri Mukesh Kumar Singh of CHA-the S/B was filed on 11.12.2023, while the CB had initiated the exporter verification on 13.12.2023, on the other hand the GST registration of the exporter was found cancelled suo-motto with effect from 07.02.2023.

(ii) I observe that it is obligatory on the part of Customs Broker to verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data of information; that they shall exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to clearance of cargo and that Customs Broker shall advise his client to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof, and in case of non-compliance, shall bring the matter to the notice of the Customs Authorities. However, in the instant case, the Customs Broker/ M/s Silverline Global Freight Private Limited failed to fulfil his obligations, I also find that the Custom Broker failed to provide any genuine contact details of Sh. Gurmeet Singh, proprietor of M/s Felicity International.

(iii) Similarly, I also observe that contention of the notice via submission is not only a poor attempt to absolve himself of his obligation/responsibilities but also reflected lack of understanding of the obligations cast upon him by the provisions of law.

(iv) Hence after going through the case records, statements and submissions made by the Customs Broker at the time of personal hearing I observe that the said Customs Broker at the time of personal hearing I observe that the said Customs Broker have violated Regulation 10(n) of the CBLR 2018 in as much as he failed to verify, correctness of importer Exporter Code(IEC) number, Goods and Services Tax Identification Number (GSTIN), identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information. Hence, I found this article of charge is to be established/ proven against the CB.

28. No specific finding with regard to Regulation 10(n) was recorded by the Commissioner in the impugned order. In his findings recorded the violation of Regulations, he alleged violation of Regulation 10(n) and the relevant portions are as follows:

"19.2. Inquiry officer has also observed that CB didn't verify the credentials of their client before filing the impugned Shipping Bills. It is pertinent to reveal that the Statement of G-card holder Shri Mukesh Kumar Singh of CHA-the S/B was filed on 11.12.2023, while the CB had initiated the exporter verification on 13.12.2023, on the other hand the GST registration of the exporter was found cancelled suo-motto with effect from 07.02.2023. Accordingly Inquiry officer has rightly observed that CB failed to fulfil his obligations, as mentioned in I also find that the Custom Broker failed to Regulation 10(a), 10(d), 10(e) and 10 (n) of the CBLR 2018
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20.2. CB Further submitted that he have obtained Authorization Letter dated 01.12.2023 issued by exporter

M/s. Felicity International and other KYC Documents in respect of exporter M/s. Felicity International, whereas during investigation it is nowhere found that CB had got Authorization Letter from exporter. Further, Sh. Mukesh Kumar Singh, G-Card Holder of CB in his statement dated 02.04.2024 informed that they filed shipping bills on 11.12.2013, however they initiated the process of exporter verification on 13.12.2023 only i.e. after filing the shipping bills.

20.3. CB during PH submitted that exporter has filed a petition in Delhi High Court for provisional release. And he had also, sent a letter also by register post, Indian post, and it was reached on the address that also we have enclosed. Whereas, during Physical verification, the exporter had been found non-existent at its declared place of business. In the report provided by the jurisdictional GST Authority, it is also informed that on contacting the registered mobile number i.c. 7888397213, the call recipient informed that he is not related to M/s Felicity International in anyway. The Summons sent to the exporter were returned undelivered to this office with remark "Not Known" and "Left". Thus I Find that claim of the CB that exporter was existent is not sustainable."

29. We find that Regulation 10(n) of CBLR requires the Customs Broker to verify the existence and functioning of exporter using reliable, independent authentic documents data or information. Nothing in the regulation requires the Customs Broker to conduct physical verification of the premises. If the IEC, GSTIN, and other documents issued by the various Government Departments indicated that the exporter operates from a particular place, the Customs Broker had no authority to question the wisdom of the officer who issued the documents. The Customs Broker is not a supervisor or an Appellate Authority over the officers who issued the IEC (Directorate General of Foreign Trade) GSTIN (Commissioner of Sales and State Tax), PAN (Income Tax department) etc.

30. Regulation 10(n) is fully satisfied if Customs Broker verified the existence of the exporter from the documents which are issued by these authorities, so long as they are authentic

documents. Unless the contrary is proved, the officers who issued these documents are presumed to be reliable and independent who have no malafide intention in issuing the documents. It would have been a different case if some invalid documents were supplied by the exporter and the Customs Broker did not check their authenticity.

31. The finding that the appellant had violated Regulations 10(a), 10(d), 10(e) and 10(n) and consequently revoking of the Customs Broker's licence of the appellant, forfeiting the security deposit and imposing of penalty cannot be sustained.

32. The impugned order is, accordingly, set aside and the appeal is allowed. The Commissioner shall, on receipt a copy of this order restore the Customs Broker licence of the appellant forthwith.

[Order pronounced on **08/12/2025**]

(JUSTICE DILIP GUPTA)
PRESIDENT

(P.V. SUBBA RAO)
MEMBER (TECHNICAL)

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