

**IN THE CUSTOMS, EXCISE AND SERVICE TAX APPELLATE  
TRIBUNAL, KOLKATA  
EASTERN ZONAL BENCH : KOLKATA**

REGIONAL BENCH - COURT NO.2

**Customs Appeal No.76501 of 2025**

(Arising out of Order-in-Original No.KOL/CUS/A&A/PR.COMMISSIONER/ADJN/01/2025 dated 17.01.2025 passed by Commissioner of Customs (Airport & ACC), Kolkata.)

**M/s.Face IT Systems LLP**

(P73, Kasba Industrial Estate, Phase-2, Anandapur, Kolkata-700107.)

**...Appellant**

*VERSUS*

**Commissioner of Customs (Airport & ACC), Kolkata**

**.....Respondent**

(15/1, Strand Road, Custom House, Kolkata-700001.)

**WITH**

**(i) Customs Appeal No.76502 of 2025 (Shri Manoj Kumar Bhandari vs. Commissioner of Customs (Airport & ACC), Kolkata); (ii) Customs Appeal No.76512 of 2025 (Shri Manoj Kumar Bhandari vs. Commissioner of Customs (Port), Kolkata);(iii) Customs Appeal No.76513 of 2025 (M/s. Maxim Clearing & Shipping Forwarding Pvt.Ltd. vs. Commissioner of Customs (Port), Kolkata);(iv) Customs Appeal No.76514 of 2025 (M/s. Fortuna Impex Pvt.Ltd. vs. Commissioner of Customs (Port), Kolkata);**

(i) (Arising out of Order-in-Original No.KOL/CUS/A&A/PR.COMMISSIONER/ADJN/01/2025 dated 17.01.2025 passed by Commissioner of Customs (Airport & ACC), Kolkata.)

(ii) (iii) (iv) (Arising out of Order-in-Appeal No.KOL/AIRPORT/KS/122-125/2025 dated 26.03.2025 passed by Commissioner of Customs (Appeals), Kolkata.)

**APPEARANCE**

Shri S.C. Ratho, Consultant for the Appellant (s)

Shri A.K. Choudhary, Authorized Representative for the Revenue

**CORAM:HON'BLE SHRI R. MURALIDHAR, MEMBER(JUDICIAL)  
HON'BLE SHRI K. ANPAZHAKAN, MEMBER(TECHNICAL)**

**FINAL ORDER NO. 77834-77838/2025**

DATE OF HEARING : 21.11.2025  
DATE OF DECISION : 02.12.2025

**Per :R. MURALIDHAR :**

The appellants Face IT Systems LLP [Face IT for short], Imported "Access Controller Face Recognition System" from manufacturer Hanwang Technology Co. Ltd, China. The goods were declared as "Data Collection Terminal (based on face recognition)" as per invoice on the Bill of Entry No 6929824 dated: 03.01.2022 and was filed claiming classification UTH 84716090 by the appellant The consignment was intercepted by SIIB on the allegation that the item imported is wrongly classified under 84716090, availing NIL duty benefit under Notification No. 024/2005 – Customs dated: 01.03.2005, whereas goods are required to be classifiable under Tariff heading 8543 attracting basic Customs duty @ 7.5%.. The consignment was examined 100% and the goods were found to be imprinted with marking as "Face Recognition Terminal". Further, it was alleged that, nowhere the declared description "Data Collection Terminal (Based on Face recognition terminal)" could be found as declared on the Bill of Entry. As per the findings of the examination report dated: 06.01.2022, the imported goods appeared to be mis-declared in terms of classification and description. Also 2 pieces of Face Go Face Recognition system without BIS, 21 pieces of old integrated circuit board and 1 pair of iron stand have been found, which were not declared in the Bill of Entry. The past consignments of these goods imported by the appellants were viewed as wrongly classified under

CTH 84716970. The SCN was issued demanding the Customs Duty along with interest and proposing to impose penalty on the company, the CHA and the Director of the company. The SCN also demanded the differential duty along with interest for the 38 consignments imported earlier by the appellant. After due process, the demands were confirmed and penalties were imposed on the appellant company and the Director of the company and goods were held as liable for confiscation and redemption fine option was given. Being dissatisfied with the impugned order, the appellants are before the Tribunal.

2. In case of the appellants Fortuna Impex Pvt Ltd [Fortuna for short] Imported "Access Controller Face Recognition System" from Chengdu Tommi Technology Co Ltd China. They filed Bill of Entry No. 9689945 dated: 23.07.2022. The goods were declared as "Data Collection Terminal (based on face recognition)" classifying them under CTH 84716090 and claiming the exemption under Notification No. 024/2005 – Customs dated: 01.03.2005. Even in this case, the Revenue classified the goods under CTH 8543 for the live consignment as well as the earlier Six consignments imported and confirmed the demand, interest and imposed penalty on the appellant company, the CHA and the Director of the company. Goods were confiscated and Redemption fine was imposed. Being aggrieved the appellants filed their appeal before the Commissioner (Appeals), who dismissed their appeal. Being aggrieved the appellants have filed the present appeals before the Tribunal.

3. Since the imported goods are identical, and issue is common, i.e. that of the classification of the imported goods, with the consent of both the sides, all the appeals have been taken up together.

4. The Ld Consultant appearing for the both the importer companies and all the other appellants appellants makes the following submissions:

4.1 In respect of 21 pcs of old integrated circuit found on examination, it was submitted that, a total of 59 items were shipped by filing courier Shipping Bill to the supplier M/S. Hanwang Technology for repair. Vide letter dated: 06.12.2021, the overseas supplier informed that, out of 59 items, 38 items could not be repaired owing to being damaged/burnt. Inadvertently the 21 pcs after repairs were stuffed in the container. Therefore, there was no intentional mis-declaration by the appellant. In regard to old and used 21 pcs Core board, Mother Board, Main Board & TF cards found in the consignment, even if by mistake it was sent the issue is not being disputed and the order passed confiscating these goods is acceptable by the appellants.

4.2 However, the classification of the two main repaired items found viz., Face Go Face Recognition system without BIS being wrong, the same is claimed classification UTH 84716090 and not UTH 8543.

4.3 The allegation made in the order, that the goods were intentionally mis-declared and mis-classified, is disputed as if an item is declared by any synonymous name, it cannot be treated that it is a mis-declaration. If a personal computer is declared as Laptop, the allegation of mis-declaration cannot be brought in. Similarly, instead of a lorry/truck if declared as a vehicle for transport of goods, does not tantamount to mis-declaration. Hence, if goods are declared as Data Collection Terminal (based on face recognition terminal) as is done in the present case instead of Access Controller Face Recognition System, found on the goods, cannot be held to be mis-declaration of the goods.

4.4 So far the classification of the main item of import is concerned, it is being submitted that, the Tariff Heading 8471 covers Machine having automatic data processing capacity and its unit and machine transcribing data on to data media in coded form and machines for processing such data, not elsewhere specified or included. The same is required to be read with Chapter Note 6(A) to Chapter 84 of the Customs Tariff. As per this Chapter Note, the Automatic Data Processing Machines" means, machine capable of storing, processing, freely programmable, performing arithmetical computation, execution without human intervention. the data immediately necessary for the execution of the programs; Automatic data processing machines may be in the form of systems consisting of a variable number of separate units.

4.5 The imported clearly is capable of the above functions and hence, the same is rightly classifiable under CTH 84716090.

4.6 However, the SCN and the Adjudicating authority have classified the goods under CTH 85432090. The broad heading of CTH 8543 pertains to "Electrical Machines and apparatus". The imported goods are clearly Automatic Data Processing machines and cannot be classifiable under the category of Electrical Machines or apparatus.

4.7 To ascertain the admissibility of the item UTH 8543, the opinion of Chartered Engineer was taken to the fact that, it has fixed program and the user can only use the function provided in the function and the user cannot change the program of the system, except use of the function provided in the system.

4.8 In this regard, categorical opinion of STQC IT Service (ERTL (East) Kolkata, and opinion of the Professor and head of Department of Jadavpur University was also taken by the appellant. In their report, STQC IT Service (ERTL (East) Kolkata, also have affirmed that, the device captures the facial image and it is being converted to Base 64 formats and is being stored. The capture face template can be used for face matching purpose at the time of authentication. The machine has operational function which can be configured once it is configured processing program gets automatically executed without any human intervention. After capturing the face or card data once transcribes

into Base 64 code, the captured data are taken as input to the device and the output is displayed on the display unit when the device works as attendance system. The data received by the camera can be used either for enrolment or authentication in a logical manner. The firmware program has multiple functions besides, it's fixed for specific requirement or functions.

4.9 In the case of M/S. Tata Sons Limited Vs Union of India, reported in 1982 (10) E.L.T. 53 (Bom.), wherein it was held that, *"Computer system/Data processing machines are not electrical apparatus"*.

4.10 Moreover, in the case of M/S. Invixim Access Pvt Ltd Vs CC, Ahmedabad, on import of a similar "Bio-metric Access Control system" Hon'ble Tribunal held that, *"the classification of such goods are classifiable UTH 8471 and the same cannot be classified UTH 8543"*, vide their Final order no. 10856/2024 dated: 09.04.2024, annexed as annexure-J to the appeal memorandum.

4.11 Further, such Finger print Reader/Scanner was held to be classifiable UTH 8471, in the case of STJ Electronics Pvt Ltd Vs CC, New Delhi, reported in [2016(337) E.L.T. 140 (Tri-Del.)]. Similar computerized systems meant for specific purposes are also held to be classifiable UTH 8471 by different Tribunals, Reference case laws; M/S.Karamchand Thapar & Bros. (C.S.) Ltd Vs. Collr. Of Customs,

Bombay, reported in 1994 (71) E.L.T. 619 (Tribunal), M/S. Celetronix India Pvt Ltd Vs, CC, Chennai, reported in 2007 (211) E.L.T. 553 (Tri. – Chennai).

4.12 Accordingly, in conformity to the Tariff Notes and HSN Explanatory Notes, which is binding as per the Apex Court's Judgement in case of Woodcraft Products Ltd, reported in [1995(77) E.L.T. 23 (S.C.)], wherein it was held that, Explanatory Notes are binding so far as classification on an item under Tariff Act is concerned. The same view was taken by the larger Bench of Tribunal in the case of Commissioner of Central Excise Vs. Grasim Industries Ltd, reported in [2004(164) E.L.T. 348(Tri-Del.)]. Classification of goods; Rapid scientific advances to be taken into consideration – Kerala State Electronics Development Corporation Ltd Vs. Commissioner – [2002 (147) E.L.T. 1274 (Tri-Chennai)].

4.13 From the impartial expert opinion of Department of Power Engineering, Jadavpur University, it will be evident that the system imported represents a microcomputer based system along with a solid state secondary memory. The input/output interfaces of the equipment with Wi-Fi connectivity having provision of optional cellular data network connectivity or enclosed in a single housing unit. The device with built in camera captures image data automatically and process the data, transcribed through artificial intelligence technique. The device after collection of the data by automatic collection and

processing of the facial data in the database and configuration through the unit with associated application implying a potential deployment in various entrusted jobs. From the technical opinion it will be evidence that this a sophisticated computer system, which uses data only for ultimate use without having any function of any electrical machinery of Chapter 85. It is not a case that it is an electrical machinery having individual function on the principle of a computerised system. The whole equipment working on data with artificial intelligence remains within the scope of a microcomputer based system only, which is rightly classifiable UTH 8471.

4.14 It is settled issue that, for claiming wrong classification the extended period cannot be invoked on the ground of suppression of fact, as held in the case of M/s. National Radio and Electronic Company Limited, reported in 2000 (119) E.L.T. 746 (Tribunal-Del.). Further, in the case of *Northern Plastic Ltd. v. CC, CE* - [1998 \(101\) E.L.T. 549](#) (S.C.) and *Komal Trading Company v. CC (Import), Mumbai* - [2014 \(301\) E.L.T. 506](#) (Tri. - Mumbai);, it was held that, the department was very much aware of the facts of the case as they were free to issue show cause notice within the period of one year; having failed to do so, no suppression can be alleged. Accordingly, the extended period has been invoked against 27 past cleared Bills of Entry, which is hit by limitation as per decision of different higher Judiciary flora, dealt in detailed in reply to the show cause notice.

4.15 In respect of the confirmed demand against FACE IT, the Ld Consultant also takes the time bar argument. He submits that the out of past 48 consignments which are part of the present proceedings, the confirmed demand against about 27 consignments is required to be set aside even on account of time bar. He submits that in these cases, the extended period provisions have been invoked, which is erroneous. The consignments were cleared in the normal course, without any objection being raised on the classification adopted and the exemption claimed by the importer. Even in case of self-assessed Bills of Entry, the Dept was required to file an appeal before the Commissioner (Appeal), as has been held by the Supreme Court in the case of ITC Ltd., which was not done in this case. Therefore, he prays that the part of the confirmed demand may be set aside on account of time bar also.

4.16 Since the issue is that of interpretation of the classification of goods and appellants are covered various case laws, no fine and penalty is warranted against the Director of the import firm Mr. Manoj Kumar Bhandari and may be waived. In the identical issue, Principal Commissioner of Customs (A&A) being the adjudicating authority, dropped the charges against the CHA M/S. Maxim Clearing & Shipping Forwarding Pvt. Ltd, in the case of M/S. Face IT System LLP, the sister concern of the appellant. Maintaining the same ratio, the charges levelled against the CHA and the penalty imposed on him, may kindly be waived.

5 In view of the above submissions, it is prayed that the impugned Order may be set aside and the appeals may be allowed.

6 The Ld.AR, appearing for the Revenue, reiterates the findings of the lower authorities. He submits that in case of both the appellants they have given detailed findings as to how and why the goods in question cannot be classified as Automatic Data Processing equipment and how they are correctly classifiable under CTH 8543. He submits that the appellants suppressed the information, which resulted in allowing the earlier consignments to be cleared under CTH 8471, which has resulted in revenue loss. Therefore, he justifies the confirmed demand, interest and penalties. He submits extra items were found in the consignment, which were not declared in the Invoice raised by the overseas exporter, nor the same was declared by the appellant in the Bills of Entry. Therefore, he justifies the order of confiscation for such goods. The Director and the CHA have knowingly claimed the benefit of NIL duty, by adopting the classification under CTH 8471. Therefore, he prays that the appeals may be dismissed.

7 We have heard both the sides. We have perused the Appeal papers, the synopsis and other documentary evidence placed before us.

8 The main issue to be decided is that the classification of the imported goods. While the appellant has claimed that the goods will fall under the CTH under 84716090, eligible for NIL duty benefit under

Notification No. 024/2005 – Customs dated: 01.03.2005, whereas the Revenue has taken the stand that goods are to be classifiable under Tariff heading 8543 attracting basic Customs duty @ 7.5%. Initially the Live Bill of Entry was subjected to verification and subsequently the data pertaining to the past imports have been collected and the Show Cause Notice has been issued demanding the differential duty on 49 consignments [One live consignment + 48 past consignments] in case of FACE IT and 7 consignments in case of Furtuna Impex.

9 It would be important to go through the Tariff headings 84 and 85. The relevant portions are extracted below :

<b>CTH and Sub-headings</b>	<b>Description of item</b>
8471	Automatic Data Processing Machines and units thereof; Magnetic or Optical Readers, Machines for transcribing Data on to Data Media in coded form and machines for processing such Data, not elsewhere specified or included.
<b>8471 60 90</b>	<b>Finger print reader/scanner other than finger print reader/scanner for use in manufacturing of cellular mobile phones</b>

Chapter Note 6(A) to Chapter 84 of the Customs Tariff : for the purpose of heading 8471, the expression "Automatic Data Processing Machines" means, machine capable of:

- i) Storing the processing program or programs and at least the data immediately necessary for the execution of the programs;
- ii) Being freely programmed in accordance with the requirements of the user;

- iii) Performing arithmetical computation specified by the user; and
- iv) Execution, without human intervention, a processing program which requires them to modify their execution, by logical decision during the processing run.

Automatic data processing machines may be in the form of systems Consisting of a variable number of separate units.

HS Code	Item Description
8543	<u>Import Duty On- Electrical machines and apparatus having individual functions, not specified or included elsewhere in this Chapter Particle accelerators:</u>

**Chapter 85**: Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers and parts and accessories of such articles  
ITC HS Code Classification.

10. In order to qualify to be called as 'Automatic Data Processing Machine', the machine should be capable to carry out the functions given at (i) to (iv) as specified at Chapter Note 6A of the CTH 84. So long as these functions are carried out by the machine, its classification under CTH 8471 cannot be denied.

11. STQC IT Service has done the complete analysis of the machine in question and given their report about the basic features of the product, its usage, its configuration etc. The relevant portion of their Test Report is reproduced below :

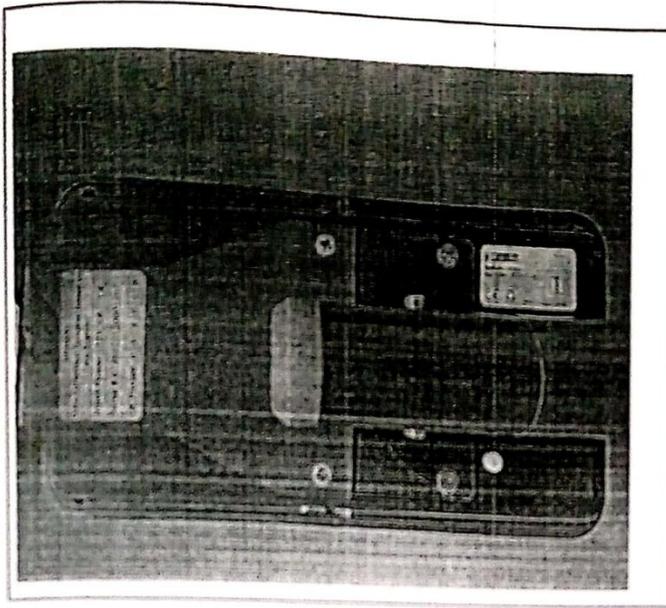
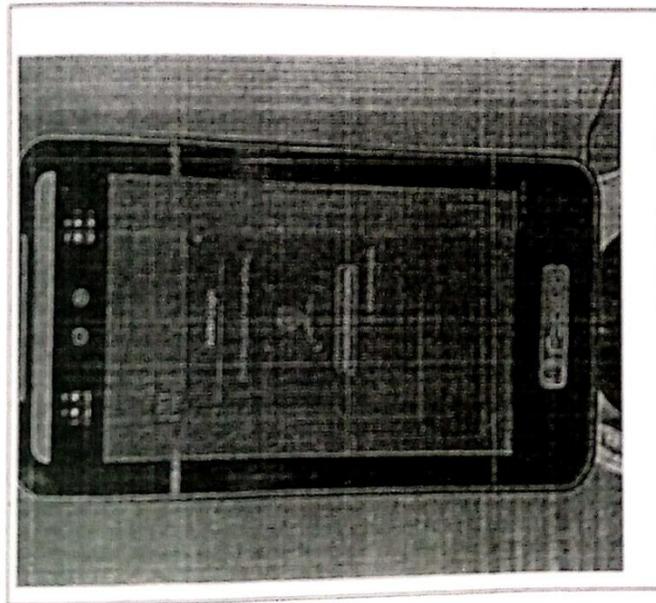
**D. Product Details:**

Product Name: Data Collection Terminal Based on Face Scanner

Make: Harvon

Model No.: VF 1000

Serial No.: 6728322120001207



**Disclaimer:** The compliance assessment was carried out by STQC IT Service, ERTL (East), Kolkata from 17<sup>th</sup> to 28<sup>th</sup> July 2023. This data is confidential and is between ERTL (East), Kolkata and FACE IT Systems LLP and needs to be shared in full, if needed. This report is only related to the specific make model and serial no. of the product as mentioned in the report.

## E. Detailed observations:

Sl. No.	Requirement	Observation
(i)	Storing the processing program or programs and at least the data immediately necessary for the execution of the programs;	The device has OS and firmware, which has processing program necessary for the execution of the program. The device captures the facial image and converts it to base 64 format and stores it. The captured template can be subsequently used for face matching purpose at the time of authentication.
(ii)	Being freely programmed in accordance with the requirements of the user	<p>The device has the fixed set of programs and it can be changed by installing firmware as per the requirement. The device can be configured with respect to the following:-</p> <ul style="list-style-type: none"> <li>a) Auto face detect</li> <li>b) Live face detection</li> <li>c) Face detection with/without mask.</li> <li>d) Face temperature detection.</li> <li>e) Temperature in Celsius/ Fahrenheit.</li> <li>f) Date/time setting</li> <li>g) Recognition with combinations of card, face and pin details.</li> <li>h) QR code Reader</li> <li>i) Attachment with door lock system</li> <li>j) Attachment with thermal printer</li> </ul> <p>Apart from the above mentioned features, it can be configured for other options Refer Figure 6</p>

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Sl. No.	Requirement	Observation
(iii)	Performing arithmetical computation specified by the user; and	The device converts the facial data into base 64 encoded formats. It does arithmetic computation algorithm for face matching.
(iv)	Execution, without human intervention, a processing program which requires them to modify their execution, by logical decision during the processing run	The machine has operational functions which can be configured. Once it is configured processing program gets automatically executed without any human intervention
(v)	It is in the form of systems consisting of a variable number of separate units	The system consists of different separate units like NPU (Neural processing unit)-SV810, DDR3 SD 4 GB RAM , 64 GB NAND Flash Memory, Microcontroller, USB, LAN ports, Built in camera, RTC unit, display unit etc. are housed in one box. Additional unit like Temperature Sensors, Card Reader and thermal printer can be attached with the main unit. Refer Figure 1, 5
(vi)	These machines have storage capability and also stored programs which can be changed from job to job.	The machine has storage capability like DDR3 SD 4 GB RAM , 64 GB NAND Flash Memory. Different features can be added/upgraded to the system through firmware. The firmware is not in control of the user, it is prepared by manufacturer based on device features like face temperature sensing, extending the storage capacity of no. of users from 10000 to 25000 and other functionalities are achieved by installing different firmware. Refer Figure 1
(vii)	It process data in coded form. A code consists of a finite set of characters (binary code, standard six bit ISO code, Base 64 etc.)	After capturing the face or card data, it is being transcribed into base 64 code. Refer Figure 2, 3

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Sl. No.	Requirement	Observation
(viii)	The data input is automatic, by direct reading of original Face/documents, etc. There are also arrangements for manual input by means of keyboards or the input may be furnished directly by certain instruments (e.g., temperature measuring sensor/instruments).	Initially user enrolment is done through Camera/card reader and facial/card details are stored in the system. Subsequently the system automatically authenticates the user with the stored data. Device has a facility for scanning QR code which acts as input to the device. The device has keypad through which pin details can be entered during login as input. There is a separate module mounted on the facial/card capturing device which has temperature sensors (acts as input device) which senses the facial temperature. Refer Figure 2, 3
(ix)	The input data are converted by the input units to signals which can be used by the machine, and data stored in the storage memory.	The facial/card captured data are taken as input to the device and stored in the system memory in base 64 encoded formats. Refer Figure 2, 3
(x)	The output is converted by the machine into an intelligible form (printed text, graphs, displays, etc.) or into coded data for further use (processing, control, etc.)	The output is displayed on the display unit (e.g. Method, name of employee and capture time etc.) when the device works as attendance system. This stored information can be processed to generate the printed text display in human readable format. Refer Figure 3
(xi)	These automatic data processing machines must have a main storage capability which is directly accessible for the execution of a particular program and which has a capacity to store those	The device is working with embedded Linux system with version 3.10.110 and kernel version 3.10 (as per the information received in the form of email from the client). The device has memory for storing the OS and firmware having

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Sl. No.	Requirement	Observation
	parts of the processing and translating programs (known as OS & Firmware) and the data immediately necessary for the current processing run.	processing programs which is required for the execution of particular program. Facial/card data is also stored in the system memory in base 64 encoded formats.
(xii)	It is comprised in the same housing, the central processing unit, an input unit (e.g., a keyboard or a scanner) and an output unit (e.g., visual display unit), in form of a "system" with interconnections made by wired or wireless means.	Refer Figure.4 The device consists of different components like NPU (Neural processing unit)- SV810, DDR3 SD 4 GB RAM , 64 GB NAND Flash Memory, Microcontroller, USB, LAN ports, Built in camera, RTC unit, display unit etc are housed in one box ( as per the Data sheet) . Camera/card reader/touch keypad acts as Input unit and visual display as output unit.
(xiii)	It handles the information of all kinds, in pre-established logical sequences and for a specific purpose or purposes.	The device handles the information received from the following I/O devices a) Camera. b) Card c) Pin entry through keypad d) QR code
		The data received from camera/card/pin-entry/QR code can be used either for enrolment or authentication in a logical manner. Firstly data is received as enrolment input and as per the defined logic it is being saved in base 64 formats and then stored data is used for authentication. The data can be used for specific purpose like attendance system, canteen management for authenticating the user. Refer Figure 3

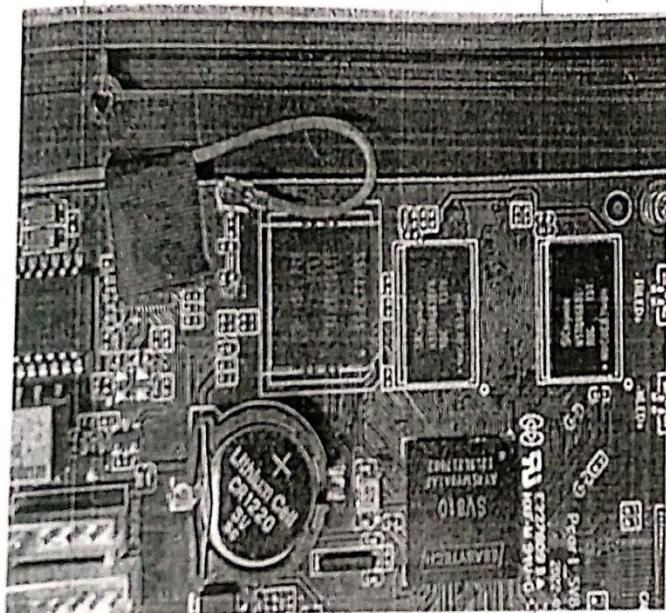
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F. Annexure-1

Figure 1 -Device Architecture details



**Device Architecture**

It contains the following CHIP

1. **SK Hynix- H5TQ4G63EFR- RDC**  
4 GB DDR3 SDRAM
2. **EASY TECH-SV810-**  
The SV810 AI SOC integrates a self-developed NPU with up to 1.2 TOPS AI computing power, which can be applied to face recognition entrance and exit gates, community access control, office attendance and other scenarios.
3. **SEC 210- KLM8G1GETF-**  
Read-write memory

047

11-10

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12. A careful and harmonious reading of the above observation given in the Test Report shows that the machine has read and write memory, has 4 GB RAM, 64 GB nano flash, is capable of processing program, can read from camera, card and QR code and there is embedded Linux Operating System. It is capable for automatic face detection even with mask. The configuration and functions show that there cannot be any doubt that the device has all the functions qualifying to be classified as Automatic Data Processing Machine.

13. The Report from the Prof of Jadhavpur University is reproduced below :



## JADAVPUR UNIVERSITY

2ND CAMPUS, SALT LAKE  
BLOCK-LB, PLOT NO. 8, SECTOR III  
CALCUTTA - 700 098 INDIA

Phone : 23355813  
Fax : 91-(033)-2335 7254

FACULTY OF ENGINEERING AND TECHNOLOGY  
DEPARTMENT OF POWER ENGINEERING

Dated: 6<sup>th</sup> June 2023

Subject: Detailed technical report on the component level organization and functionalities of the Automatic Facial Data processing Terminal Unit VF1000 placed before the undersigned for relevant certification vide JU/IIPC Job. No.30548-PE-AG dated 06.06.2023

This is to certify that 2 Nos. of the Micro-computer based VF1000 systems with Serial #6728322120001099 and Serial #6728322120001150 were placed before the undersigned for certification regarding their component level organization and functionalities. With reference to the same, the undersigned is pleased to certify the following:

- Each unit was 116\*25\*222 mm (approx..) in dimension with (i) A touch screen (ii) power chord for external power and (ii) network interfaces (both wired and inbuilt Wi-Fi) serving as Edge elements of an Edge and Cloud based reconfigurable system that can be used for Face Recognition based monitoring in various application scenarios depending upon the deployment. The configurability was tested by adding multiple edges, assigning different Wireless networks and by including the face of the undersigned while testing the system. The reports of the Functional Test of a unit are enclosed as Annexure I to this report. The weight of each VF1000 unit was found to be approximately 1 Kg.
- A component level inspection of the system reveals that it is a micro-computer based system consisting of a dual-core CPU, an additional Neural Processing Unit (NPU) for accelerating Artificial Intelligence (AI) based applications and an Image Signal Processor (ISP) and integrated video and input processing units, all integrated into a System on Chip (SoC) -the Easy Tech (<https://en.eeasytech.com>) SV810. The storage for processing is provided by
  - 2Nos. SKhynix 512Mx 8 RAM modules constituting a total of 8GB
  - 1 No Samsung eMMC5.1.BGA Flash Memory module with 64GB x 1 capacity
 Annexure II shows the different hardware components on the Ball Grid Array (BGA) supporting PCB
- A critical analysis of the Architecture and Organization of the SV810 System on Chip (SoC) is presented in Annexure III. As seen in Annexure III, the CPU seems to be a standard CORTEX 7 MP2 ARM processor with accelerators like Neural Processing Unit (NPU) and various input-output modules as documented in Fig. 2 of Annexure III.
- The system is developed around Embedded Linux OS which is standard and compatible with CORTEX-7 ARM processors. The particular version is Embedded Linux 3.10.100 and this has been confirmed by the device info display and though an email from the manufacturer. Embedded Linux is a commercially available product and allows system developers to develop products such as the VF1000 taking care of both the kernel, SoC and Board Level functional requirements. This is shown in Annexure IV.

#### Conclusion:

- The system presented represents a Micro-computer based system built around a dual-core CPU integrated with other hardware accelerators e.g an NPU(for accelerating numerical computation required for AI algorithms), ISP(for image processing) along with a Solid State secondary memory.
- The Input/output (I/O) interfaces include a touch-screen display along with a built in touch keyboard (input interface) as well as a LAN,USB and WiFi connectivity and provision for optional cellular data network connectivity (to be enabled with additional modules), all enclosed in a single housing as a unit.
- The device also incorporates a built-in camera that allows automatic capture of image data, extraction of live facial features using Artificial Intelligence techniques, processing of this data, transcribed in coded form and subsequent matching with a database and finally generation of text format reports using the transcribed data through an application.
- The system is developed using Embedded Linux and is essentially a terminal device for Automatic Collection and Processing of Facial Data.
- Application Level tools for creation/modification of a database and configuration though the unit and associated application are also available implying a potential for deployment in various scenarios using image matching(e.g in hospitals, banks, canteens and even big data applications for identifying criminals).

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14. The Supplier has also given a Certificate about the classification of the goods at their country, which is reproduced below :

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Annexure-K

**Hanvon**

Hanwang Technology Co., Ltd.  
Hanwang Tower  
ZhongGuanCun Software Park, Beijing P.R China  
Tel +86(10) 8278 6500 Fax +86(10) 8278 6862

**Certificate**

We Hanwang Technology Co., Ltd are the manufacturer of HANVON. FaceGo Brand of AI based Face Recognition System, which is used for Attendance and other application like Canteen Management. The country of origin is China.

The HSN code of FaceGo products, as per China Customs Department is 84716090. We are exporting all our FaceGo products worldwide with this HSN code 84716090, including India.

We hereby declare this statement as a matter of fact on official records.

Eric Lee



Director of Hanwang Technology Co., Ltd

2025.1.21

15. The Report of STQCII, read with the Report from the Professor of Jadhavpur University, clarifies that without doubt the goods in question are Automatic Data Processing Machines only. On the other hand, the Chapter 85 deals with Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers and parts and accessories of such articles ITC HS Code Classification.

16. As per the functions of the device, discussed above, we do not find that the same can be classified as Electrical Machinery. The Access Controller Face Recognition System is not like any Television, which is not capable of storing the data, having RAM, or any process or Linux Operating System.

17. Therefore, as per our detailed discussions the following conclusions emerge:

- (a) The device is clearly Automatic Data Processing machinery falling under CTH 8471.
- (b) The device is definitely not any Electrical Machinery or Equipment or part thereof

18. Therefore, we reject the Revenue's claim that the product is classifiable under 8543 and hold that the machine is classifiable under 8471.

19. Now we take up the case laws cited by the appellant.

**2016 (337) E.L.T. 140 (Tri. - Del.)  
STJ ELECTRONICS PVT. LTD.  
Versus CC (I&G), NEW DELHI**

Appeal is filed against order-in-appeal dated 16-11-2009 in terms of which the impugned goods namely MSO CBM (EMBALLE PAR 40) FINGER PRINT READER - SCANNER were held to be classifiable under Customs Tariff Heading 8543, as against the classification claimed by the appellant under CTH 8471 on the ground that the goods were optical readers and hence clearly covered under CTH 8471.

It is clear that the impugned item is of a kind solely or principally used in an automatic data processing system, it is connectable to the central processing unit and is able to accept or deliver data in a form (codes or signals) which can be used by the system. The exclusions contained in Chapter Note 5(D) do not cover the impugned item and it is not the case of Revenue either that it does. Revenue referred to Chapter Note 5(E) quoted above. We find that Chapter Note 5(E) refers to machines incorporating or working in conjunction with an automatic data processing machine and performing a specific function other than data processing. In the present case the machine essentially performs data processing function inasmuch as it processes the data relating to fingerprint with the finger print data in the motherboard/Centre processing unit (CPU). Thus, it does not have any specific function other than data processing. The impugned goods are therefore not eased out of CTH 8471 by the provisions of Chapter Notes 5(D) & 5(E) CTH 85.43 covers electrical machines and apparatus having individual functions, not specified or included elsewhere in Chapter 85. Thus, this heading is a sort of residuary heading for the goods otherwise covered under Chapter 85. As the impugned goods are found to be covered under CTH 8471 as per above analysis, they are obviously out of chapter 85 and hence out of CTH 85.43 too.

20. We find that in the above case, the Tribunal was dealing with Finger Print Reader – Scanner, which was the available technology at that point of time. This device is used for marking the attendance of

the employees, or noting the details of the visitors. Now the technology has evolved. Instead of finger print, the Face itself is recognized and the details are stored in the device under dispute in the present case. The rate of the decision of the Tribunal is squarely applicable to the facts of the present case also.

21. The Ahmedabad Bench in the case of **Invixim Access Pvt Ltd Vs. C.C.-AHMEDABAD** vide **Final Order No.10856/2024 dated 09.04.2024**, has held as under :

4. It is noticed that the device imported by the appellant is used solely or principally in automatic data processing system whereby access and exit is controlled automatically. The said device is connected to central processing unit and captures the data in the form of scan image in digital format. The said scan image is there after used by the system to validate/ record entry or exit. In this background we do not find any merit in the claim of revenue goods are not classified under heading 8471. Once goods are classifiable under heading 8471 the same cannot be classified under Entry 8543.

22. In the above case, the Tribunal relied on the decision of the Delhi Bench in STJ and has come its findings. We find that both the above decisions are squarely applicable to the facts of the present case.

23. In respect of excess items found in the live consignment imported by FACE IT, the appellant has satisfactorily provided the documentary evidence to the effect that these goods were imported earlier, had been sent for repairs, and subsequently were packed in

the live consignment by the overseas exporter. Therefore, we do not find any substance in the allegation of the Revenue on this issue.

24. We have held that the goods are classifiable under CTH 8471 only and not under CTH 8543. Hence, the confiscation and consequent Redemption fine imposed does not survive in respect of both the appellant companies.

25. In view of the foregoing, wherein we have discussed in detail the functions of the device under question, along with the Reports given by various authorities, viewed with the cited decisions of the Tribunals, we set aside the impugned orders and allow the Appeals filed by the appellant importers on merits.

26. In respect of FACE IT, it is observed that the SCN has been issued for the past period in respect of 48 consignments, by invoking the extended period. The issue is that of interpretation about the correct classification of the imported goods. At the relevant period of time, the appellants were also covered by the cited decision of Delhi and Ahmedabad Bench. Therefore, the allegation of suppression does not survive. Accordingly, we hold that the confirmed demand in respect of extended period in the case of FACE IT, is legally not sustainable. Accordingly, the extended period confirmed demand is also being set aside on account to time bar.

27. Since the appeals of the importers stands allowed, the penalties imposed on the other notice/s does not survive. They are set aside.

28. As a result, all the appeals are allowed with consequential relief, if any, as per law.

(Order pronounced in the open court on 02.12.2025.)

Sd/  
**(R. MURALIDHAR)**  
**MEMBER (JUDICIAL)**

Sd/  
**(K. ANPAZHAKAN)**  
**MEMBER (TECHNICAL)**

sm