



# Union Budget 2018-2019

## Indirect tax Analysis

By



# Abbreviations

<b>BCD</b>	Basic Customs Duties
<b>Cr.</b>	Crores
<b>Customs Act</b>	Customs Act, 1962
<b>Customs Tariff Act</b>	Customs Tariff Act, 1975
<b>CVD</b>	Countervailing Duty u/s. 3 (1) of Customs Tariff Act, 1975
<b>EC</b>	Education Cess
<b>ECL</b>	Electronic Cash Ledger
<b>FTP</b>	Foreign Trade Policy
<b>GST</b>	Goods and Services Tax
<b>IEC</b>	Import Export Code
<b>IGST</b>	Integrated Goods and Services Tax
<b>SCN</b>	Show Cause Notice
<b>SHEC</b>	Secondary and Higher Education Cess
<b>SWS</b>	Social Welfare Surcharge
<b>U/s.</b>	Under Section



# PREFACE TO BUDGET

## Preface to Union Budget 2018-2019...

- ⌚ The Finance Minister has, in his speech, laid out a powerful report card by referring to the commitments made by him with regard to the farm and consumer sectors in the earlier years
- ⌚ The announcement in the area of health care is clearly path-breaking for the sheer size, coverage and the amount committed per family. This ushers India firmly in the next generation of social security as it moves aggressively towards a progressive developing economy
- ⌚ The Budget recognises the role of “Infrastructure sector” as growth driver of the economy with a huge investment in this sector
- ⌚ Budget 2018 demonstrates the Finance Minister’s intent to boost investments in rural development, education, healthcare and social sectors

## ...Preface to Union Budget 2018-2019...

- ☺ To promote renewable energy sector and provide impetus to indigenous manufacturing of solar panels, cells and modules, it has been proposed to fully exempt customs duty on import of solar tempered glass including anti-reflective coated solar tempered glass
- ☺ On the indirect tax front, Social Welfare Cess of 10% has been proposed on import of goods by replacing existing Education Cess of 3%. It's also very commendable about the plans if coming up with 24 new Medical colleges. Also commendable is the plan of at least one medical college every three constituencies
- ☺ Finance Minister clarifies that Cryptocurrencies shall not be deemed as legal tender However, he also mentioned that Govt. can explore ways for using the blockchain technology for digital transactions

## ...Preface to Union Budget 2018-2019...

- ⌚ In order to garner additional revenues, the Government has proposed a 10% tax on long term capital gains tax on equities
- ⌚ Investments have also been announced for suburban railways in Bangalore and Mumbai cities
- ⌚ Corporate tax rate of 25 percent will now be available to companies with turnover of upto Rs 250 crores
- ⌚ The announcement of setting up of Unified Regulator for International Financial Services Centre (IFSC) in India would help India achieve its full potential in the Global Financial markets
- ⌚ Station redevelopment programme has also got a decisive push with a target of 600 stations

## Budget highlights on Economic Outlook

- ⌚ Economic growth pegged at 7.2-7.5% for H2 FY18
- ⌚ India's average growth in first 3-year of NDA Govt 7.5%
- ⌚ Indian economy size USD 2.5 trillion; 7th largest in world
- ⌚ India is expected to be 5th largest economy very soon
- ⌚ Revised Fiscal Deficit estimate for 2017-18 is Rs 5.95 lakh crore at 3.5% of GDP
- ⌚ Fiscal Deficit for FY'19 estimated at 3.3% of GDP
- ⌚ Govt's market borrowing estimated at Rs 4.07 lakh crore in FY'19 versus Rs 4.79 lakh crore estimated in 2017-18



## Highlights of Ayushman Bharat programme

- ✔ Govt to launch a flagship National Health Protection Scheme to cover over 10 crore poor families providing coverage up to Rs 5 lakh per family every year for hospitalization
- ✔ Govt earmarks Rs 56,619 crore for SCs and Rs 39,135 crore for STs in FY'19
- ✔ Sets target of Rs 3 lakh crore for lending under MUDRA scheme
- ✔ Substantial increase in allocation of National Rural Livelihood Mission to Rs 5,750 cr in FY'19





## Budget Hikes Custom duty

- ⌚ Customs duty on mobile phones increased from 15% to 20%; also on certain parts of TVs to 15%
- ⌚ Customs duty on crude edible vegetable oils hiked from 12.5% to 30%; on refined edible vegetable oil from 20% to 35%
- ⌚ Customs duty on perfumes, dental hygiene, after-shave, deodorants, room deodorisers, preparations for use on hair doubled to 20%



## Budget highlights on Digitisation

- ⌚ Allocation on Digital India scheme doubled to Rs 3,073 crore
- ⌚ Rs 10,000 cr for creation and augmentation of telecom infra
- ⌚ Government to come out with policy to introduce toll system on 'pay as you use' basis
- ⌚ Govt to evolve a scheme to assign enterprise a unique ID



## Budget Highlights on Employment

- 🕒 Govt to contribute 12% of wages of the new employees in EPF for all sectors for 3 years
- 🕒 Facility of fixed-term employment will be extended to all sectors
- 🕒 Outlay of Rs 7,148 crore for textiles sector in 2018-19



## Budget highlights on infrastructure...

- 🕒 Finance Ministry to leverage India Infrastructure Finance Corporation to help finance major infrastructure projects
- 🕒 Redevelopment of 600 major railway stations being taken up
- 🕒 Suburban network of 160 kms in Mumbai at an estimated cost of Rs 17,000 crore being planned



## ...Budget highlights on infrastructure

- 🕒 Gross budgetary support for Railways hiked to over Rs 3 lakh crore in 2018-19 from Rs 2.73 lakh crore in 2017-18
- 🕒 Plans to expand airport capacity more than 5 times to handle a billion trips a year
- 🕒 Proposed expenditure on infra pegged at Rs 5.97 lakh crore as against Rs 4.94 lakh crore in FY'18



## Budget highlights on agriculture

- ⌚ MSP of all Kharif crops to be hiked to at least 1.5 times of their production cost
- ⌚ Institutional mechanism proposed to develop policies and practices for price and demand forecast
- ⌚ Rs 2,000 crore fund for developing and upgrading agri marketing infra in 22,000 Grameen Agri Markets and 585 APMCs
- ⌚ Allocation for food processing ministry doubled from Rs 715 crore in RE FY'18 to Rs 1,400 crore in BE FY'19
- ⌚ Kisan Credit Cards extended to fisheries and animal husbandry farmers
- ⌚ Agriculture credit disbursal target increased to Rs 11 lakh crore from Rs 10 lakh crore in 2017-18



## Budget highlights on Income Tax...

- ✔ No change in personal income tax slabs and rates
- ✔ Surcharge of 10% on income above Rs 50 lakh but less than Rs 1 cr, 15% on income above Rs 1 cr to continue
- ✔ Standard Deduction returns after a decade; Rs 40,000 to be allowed in lieu of transport allowance and medical expenses
- ✔ Interest income exemption on deposits with banks and post offices for senior citizens increased from Rs 10,000 to Rs 50,000



## ...Budget highlights on Income Tax

- ⌚ Senior citizens will be able to claim benefit of deduction up to Rs 50,000 annually on health insurance premium and/or general medical expenditure incurred
- ⌚ Govt introduces long-term capital gains on equity market; long-term capital gains over Rs 1 lakh to be taxed at 10%
- ⌚ Education cess increased to 4% from 3%
- ⌚ E-assessment of Income Tax Act to eliminate person-to-person contact







# CUSTOMS LAW AMENDMENTS

# Expansion of scope of Customs Act

## Current Scenario

- ☒ Customs Act extends to the whole of India vide Section 1 of Customs Act

## Change in Law

- ☒ It is proposed to include offence or contravention under the Customs Act committed outside India by any person also within the ambit of Customs Act
- ☒ Also, a new section 151B is proposed to be inserted to empower Central Government to enter into an agreement with Government of other Countries or such competent authorities for:
  - ☒ Facilitation of trade
  - ☒ Enforcing provisions of Customs Act
  - ☒ Exchange of information for facilitation of trade, risk analysis, verification of compliance and prevention, combating and investigation of offences
- ☒ Information so received may be used as evidence for proceedings under the Customs Act
- ☒ Board is authorized to specify procedures for exchange of information or documents under multilateral agreement
- ☒ Extra territorial jurisdiction is proposed to be provided for offences committed outside India
- ☒ Date of enactment of Finance Bill, 2018



## Impact

## Effective Date

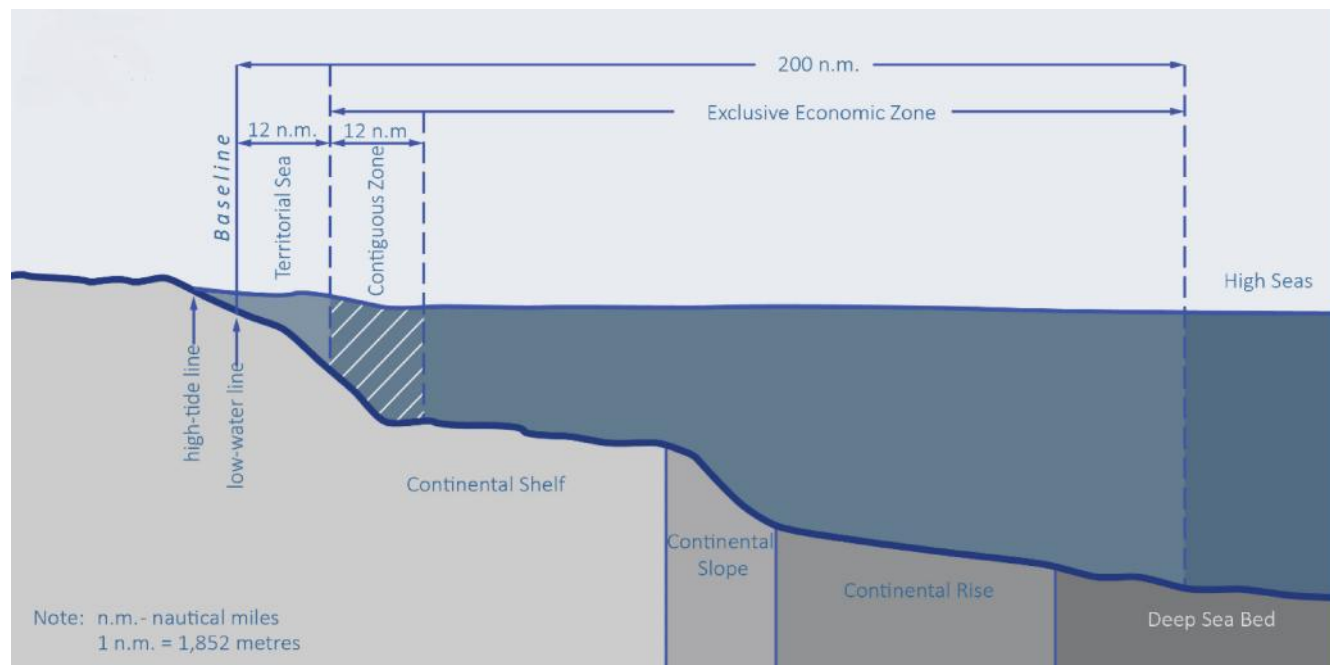
# Extension of limit of Indian Customs Water...

## Current Scenario

- Indian Customs Waters are extending into the sea till the contiguous zone of India under section 5 of the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 i.e. 24 Nautical Miles and includes any bay, gulf, harbour, creek or tidal river

## Change in Law

- It is proposed to extend the limit of Indian Customs Waters into the sea from the existing 'contiguous zone of India' to the 'Exclusive Economic Zone of India i.e. upto 200 Nautical Miles



## ...Extension of limit of Indian Customs Water

### Impact



- ⌚ Jurisdiction of Customs officer to administer the law would be widened including the following:
  - ⌚ Power to arrest any person who has committed an offence in India or in Indian Customs Waters under Sections 132, 133, 135, 135A or 136
  - ⌚ Power to stop and confiscate conveyance if Customs Officer has reason to believe that such conveyance in India or within Indian Customs water has been or is being or is about to be used for smuggling activities
  - ⌚ Power to search within Indian Customs Water
  - ⌚ Confiscation of prohibited goods imported into Indian Customs Water

### Effective Date

- ⌚ Date of enactment of Finance Bill, 2018

# Electronic cash ledger (ECL)

## Current Scenario

- ☹ Currently, the importer or exporter makes transaction wise payments

## Change in Law

It is proposed to introduce a new chapter VIIA for payment through ECL under Customs Act with following provisions (Section 51A):

- ☹ Every deposit to be credited to ECL
- ☹ Amount available in ECL to be utilised for payment of any duty, interest, penalty fees or any other sum payable under the Customs Act or Customs Tariff Act or any other law for the time being in force or rules and regulations and subject to specified conditions and within specified time frame
- ☹ Refund of balance in ECL
- ☹ Board may exempt the deposits made by notified class of persons or categories of goods from all or any of the provisions of this Section



## Effective Date

03.02.2018

- ☹ Such date as the Central Government shall Notify

# Prohibited Goods in other laws to be notified under Customs Act

## Current Scenario

- ☹ Section 11 of the Customs Act empowers the Central Government to prohibit import or export of goods absolutely or subject to specified conditions

## Change in Law

- ☹ It is proposed that regulatory requirements relating to import or export of goods or class of goods or clearance thereof, in any other law/ rules/ regulations/ order/ notifications shall be effective under the said law only if it is also notified under the Customs Act

## Impact

- ☹ Various laws such as FTP, Drugs and Cosmetic Act, 1940, etc. regulate import and export of goods such as drugs, cosmetics, food, pesticides, etc. Any such regulation would not be effective unless it is notified under the Customs Act

## Effective Date

- ☹ Such date as the Central Government shall Notify

# Expansion of scope of Verification

## Current Scenario

- ⊗ Proper officer was empowered to verify self assessment of goods and consequently, to examine or test any imported goods or export goods (Section 17-Assessment)
- ⊗ Scope of reassessment was limited to valuation, classification and exemption or concessions of duty availed consequent to any notification issued under the Customs Act

## Change in Law



- ⊗ Now, it is proposed to broaden the scope of verification to include all aspects of declaration made in the bill of entry (Section 46) or the shipping bill (Section 50) in addition to self-assessment
- ⊗ It is further proposed to provide legal backing to the risk-based selection of self-assessed Bill of Entry or the Shipping Bill for verification through appropriate selection criteria
- ⊗ Scope of reassessment is proposed to be extended by omitting specific references provided such as valuation, classification etc.

## Effective Date

- ⊗ Date of enactment of Finance Bill, 2018

# Exemption to goods imported for repairs, further processing or manufacture

## Change in Law

- ☺ New Sections are proposed to be inserted to empower the Government to provide the below exemptions:
  - ☺ Whole or partial exemption to goods imported for repair, further processing or manufacture, subject to certain conditions including, inter alia, re-export within 1 year (Section 25A)
  - ☺ Whole or partial exemption to re-imported goods which were exported for the purposes of repair, further processing or manufacture, subject to certain conditions including, inter alia, re-import within 1 year (Section 25B)

## Effective Date

- ☺ Date of enactment of Finance Bill, 2018





# Pre-notice consultation

## Current Scenario

- Where any duty has not been levied or not paid or has been short-levied or short-paid or erroneously refunded, or any interest payable has not been paid, part-paid or erroneously refunded, for any reason other than the reasons of collusion or any wilful mis-statement or suppression of facts, the proper officer could serve SCN u/s. 28, for recovery of such duties and interest within 2 years from the relevant date

## Change in Law



- It has been proposed that before issue of demand notice in such *bona fide* cases, the proper officer should hold pre-notice consultation as per regulation
- Where SCN has been issued after the 14<sup>th</sup> May, 2015, but before enactment of Finance Bill, 2018, the same shall continue to be governed by the provisions of Section 28 as it stood immediately before the date of enactment of Finance Bill, 2018

## Impact

- This would reduce unwanted paperwork and would save time

## Effective Date

- Date of enactment of Finance Bill, 2018

## Time Limit for adjudication...

### Current Scenario

- ⌚ There was a discretionary time limit prescribed for adjudication of *bona fide* cases within 6 months and of *mala fide* cases within 1 year

### Change in Law

- ⌚ It is proposed that the time limits provided in the law shall now be strictly followed
- ⌚ These time limits may be further extended by 6 months or 1 year respectively on being approved by senior officer
- ⌚ If demand notice is not adjudicated within the extended period, it would be deemed as if no notice has been issued



## ...Time Limit for adjudication

### Change in Law

- ⊗ Where the proper officer is unable to determine amount of duty or interest for following reasons, time limit shall be applicable from the date when the following reasons cease to exist:
  - ⊗ Appeal in similar matter is pending before Tribunal or Court
  - ⊗ An interim order of stay has been issued
  - ⊗ Board has issued specific order/direction to keep such matter pending
  - ⊗ Settlement Commission has admitted an application of the assessee

### Impact

- ⊗ This would crop down unnecessary delays in adjudication

### Effective Date

- ⊗ Date of enactment of Finance Bill, 2018

# Adjudication

## Change in Law

- ⊗ It is proposed to insert a new sub-section under Section 28 to provide safeguard that where the notice was issued considering it to be a *mala fide* case, and if it is held to be *bona fide* case and consequently, the demand of duty for 5 years is quashed under any proceedings including appeal, on final determination, at least the demand pertaining to the normal period of limitation i.e. 2 years shall be deemed to be sustainable
- ⊗ In other words, the SCN cannot be quashed completely if SCN was issued considering the case as *mala fide* which was held to be a *bona fide* case and the assessee should still be liable to pay duties for normal period of limitation

## Effective Date

- ⊗ Date of enactment of Finance Bill, 2018



# Custom automated system based clearance

## Background

- ⊗ Section 47 provides for clearance of goods for home consumption
- ⊗ Section 51 provides for clearance of goods for exportation
- ⊗ Section 60 provides for permission for removal of goods for deposit in warehouse if the warehousing bond has been executed
- ⊗ Section 68 provides that goods can be cleared for home consumption if the specified conditions are satisfied
- ⊗ Section 69 provides that goods can be cleared for export if the specified conditions are satisfied

## Change in Law

- ⊗ Now, in addition to existing clearance by the proper officer, it is proposed to insert provision for clearance of goods by customs automated system

## Effective Date

- ⊗ The date of enactment of Finance Bill, 2018



# Amount refunded in excess to be recovered with interest

## Change in Law

- ⌚ It has been proposed that where an order for refund is modified in any appeal and the amount of refund so determined is less than the amount refunded, the excess amount so refunded shall be recovered along with interest from the date of refund upto the date of recovery, as a sum due to the Government.

## Effective Date

- ⌚ Date of enactment of Finance Bill, 2018



# Advance Ruling...

## Current Scenario



- ⊗ "advance ruling" is defined to mean the determination, by the Authority, of a question of law or fact specified in the application regarding the liability to pay duty in relation to an activity which is proposed to be undertaken, by the applicant
  
- ⊗ Question on which Advance Ruling can be sought for are:
  - ⊗ classification of goods
  - ⊗ applicability of exemption notification with respect to rate of duty
  - ⊗ the principles to be adopted for determination of value
  - ⊗ applicability of notifications issued in respect of duties under Customs Act or Customs Tariff Act and any duty chargeable under any other law for the time being in force in the manner same as that of Customs Duties
  - ⊗ determination of origin of the goods
  
- ⊗ Advance ruling shall be pronounced within 6 months from receipt of application

## ...Advance Ruling

### Change in Law

- ⊗ Now it has been proposed to expand the definition of advance ruling as “advance ruling” means a written decision on any of the questions referred to in Section 28H raised by the applicant in his application in respect of any goods prior to its importation or exportation
- ⊗ Advance ruling is proposed to be obtained also for any other matters as notified by Central Government
- ⊗ It is proposed to provide time limit of 3 months to pronounce advance ruling

### Impact

- ⊗ Central Government can now add additional matters on which advance ruling can be sought through Notification

### Effective Date

- ⊗ Date of enactment of Finance Bill, 2018



## Advance Ruling – Applicant...

### Current Scenario

- ⊗ Advance ruling could be obtained by any of the below persons:
  - ⊗ a non-resident setting up a joint venture in India in collaboration with a non-resident or a resident
  - ⊗ a resident setting up a joint venture in India in collaboration with a non-resident
  - ⊗ a wholly owned subsidiary Indian company, of which the holding company is a foreign company, who or which, as the case may be, proposes to undertake any business activity in India
  - ⊗ a joint venture in India
  - ⊗ a resident falling within any such class or category of persons as notified

## ...Advance Ruling – Applicant

### Change in Law

- ⌚ It has been proposed to expand the definition of ‘applicant’ who may opt for advance ruling as under:
    - ⌚ ‘Applicant’ means any person
      - ⌚ holding a valid IEC
      - ⌚ exporting any goods to India
      - ⌚ with a justifiable cause to the satisfaction of the Authority,
- who makes an application for advance ruling under Section 28H

### Effective Date

- ⌚ Date of enactment of Finance Bill, 2018



# Customs Advance Ruling Authority

## Current Scenario

- ⊗ Advance Ruling Authority constituted under Section 245-O of the Income Tax Act, 1961 is the Authority for pronouncing advance rulings in respect of Customs matters

## Change in Law

- ⊗ It is proposed that all applications seeking advance ruling shall be made to 'Customs Authority for Advance Rulings' which shall be established in New Delhi and at such other places as Board may deem fit
- ⊗ The Board shall appoint an officer of the rank of Principal Commissioner of Customs or Commissioner of Customs to function as the Customs Authority for Advance Rulings
- ⊗ Present advance ruling authority constituted under the Income Tax Act, 1961 will act as the 'appellate authority' against the ruling issued by the Customs Authority for Advance Rulings
- ⊗ An appeal against the ruling passed by the Customs Authority for Advance Ruling can be filed within 60 days from the date of communication of the ruling. The Appellate Authority has been empowered to condone a delay of further 30 days for filing such appeal

## Impact

- ⊗ Appeal mechanism has been brought under Advance Ruling

## Effective Date

- ⊗ Date of enactment of Finance Bill, 2018

# Goods imported and exported by courier

## Background

- ⌚ Special provisions are provided in Chapter XI regarding baggage, goods imported or exported by post and stores
- ⌚ Section 83 provides for rate of duty and tariff valuation in respect of goods imported or exported by post
- ⌚ Section 84 provides for regulations regarding goods imported or to be exported by post

## Change in Law

- ⌚ Now, the said provisions applicable to import/export of goods through post are proposed to be extended to import/export of goods through authorised courier

## Effective Date

- ⌚ The date of enactment of Finance Bill, 2018



# Audit

## Change in Law

- ⊗ It is proposed to insert Chapter XIIA to provide for audit provisions. Consequently, audit may be carried out for imported goods or export goods or of auditee either in his office or in the premise of the auditee
- ⊗ Further, the definition of 'auditee' is introduced which is wide enough to not only cover the person subject to audit but also includes an importer or exporter or approved custodian or licensee of warehouse and other person concerned directly or indirectly in clearing, forwarding, stocking, carrying, selling or purchasing imported or export goods or dutiable goods

## Effective Date

- ⊗ The date of enactment of Finance Bill, 2018



# Introduction of concept of 'controlled delivery'

**Background** ☹ Any officer of customs appointed for any area adjoining the land frontier of India may require any person in possession of any goods which have been imported into India by land, to produce the order made under Section 47 permitting clearance of the goods

**Change in Law** ☹ It is proposed to insert Section 109A to introduce the concept of 'controlled delivery' on specified goods

☹ 'Controlled delivery' means movement of goods under knowledge and supervision of Customs Officer

☹ Consequently, Customs Officer may undertake controlled delivery, of any consignment of specified goods in prescribed manner, to any destination in India or to a foreign Country

**Effective Date** ☹ The date of enactment of Finance Bill, 2018



# Seizure of goods

## Background

- ⊗ As per Section 110 if the proper officer has reason to believe that any goods are liable to confiscation under this Act, he may seize such goods
- ⊗ If the SCN is not issued within 6 months (Further extension of 6 months) then the goods shall be returned to the person from whose possession they were seized

## Change in Law

- ⊗ It is proposed to amend Section 110 to provide that for granting extension of 6 months, the Principal Commissioner of Customs or Commissioner of Customs should record the reasons in writing and also inform the person from whom such goods were seized before expiry of the specified period
- ⊗ Further, it is proposed that in case of provisional release of goods, documents, things etc. seized, time limit of 6 months for issuance of SCN will not apply. In other words, in such cases, SCN can be issued any time thereafter

## Effective Date

- ⊗ The date of enactment of Finance Bill, 2018

03.02.2018

# Option to pay fine in lieu of confiscation

**Background** ☹ In case of confiscation of goods, the officer, may grant option to pay fine in lieu of confiscation of goods (Section 125)

**Change in Law** It is proposed to amend Section 125 to provide as under:

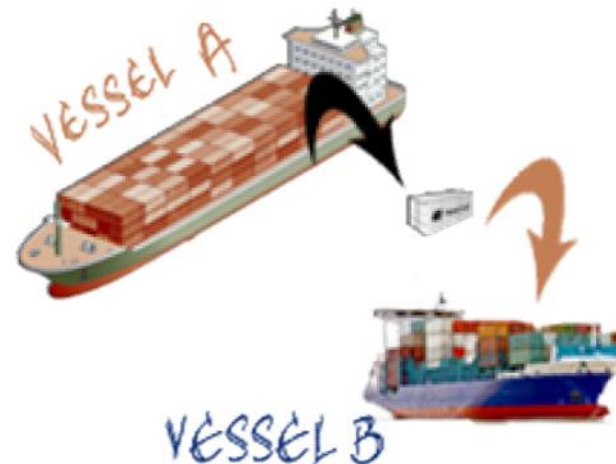
- ☹ Where the demand proceedings against a noticee/co-noticees have been closed on grounds of having paid the dues mentioned in Section 28, the fine need not be paid provided the goods are not prohibited or restricted
- ☹ Where fine has not been paid within 120 days from the date of option, such option shall become void except in case of pending appeal
- ☹ In case, order to pay fine is passed before the enactment of Finance Bill, 2018 where no appeal is pending, 120 days will be counted from the date of such enactment

**Effective Date** ☹ The date of enactment of Finance Bill, 2018



# Transshipment of certain goods

- Background** ☹ Section 54 provides for transshipment of certain goods without payment of duty. In such cases, either bill of transshipment or declaration for transshipment is required to be filed
- Change in Law** ☹ It is proposed to amend Section 54 to enable Board to make regulations for providing manner of presenting bill of transshipment and declaration for transshipment
- Effective Date** ☹ The date of enactment of Finance Bill, 2018



## Amendment in the definition of 'assessment' ...

### Current Scenario

- ⊗ Assessment is defined as “assessment” includes provisional assessment, self-assessment, re-assessment and any assessment in which the duty assessed is nil

### Change in Law

- ⊗ Assessment is proposed to be defined as under:
- ⊗ “assessment” means determination of the dutiability of any goods and the amount of duty, tax, cess or any other sum so payable, if any, under Customs Act or under the Customs Tariff Act or under any other law with reference to—
  - ⊗ (a) the tariff classification of such goods as determined in accordance with the provisions of the Customs Tariff Act
  - ⊗ (b) the value of such goods as determined in accordance with the provisions of the Customs Act and the Customs Tariff Act
  - ⊗ (c) exemption or concession of duty, tax, cess or any other sum, consequent upon any notification issued therefor under this Act or under the Customs Tariff Act or under any other law for the time being in force
  - ⊗ (d) the quantity, weight, volume, measurement or other specifics where such duty, tax, cess or any other sum is leviable on the basis of the quantity, weight, volume, measurement or other specifics of such goods

## ...Amendment in the definition of 'assessment'

### Change in Law

- ⊗ (e) the origin of such goods determined in accordance with the provisions of the Customs Tariff Act or the rules made thereunder, if the amount of duty, tax, cess or any other sum is affected by the origin of such goods
- ⊗ (f) any other specific factor which affects the duty, tax, cess or any other sum payable on such goods,
- ⊗ and includes provisional assessment, self-assessment, re-assessment and any assessment in which the duty assessed is nil

### Impact

- ⊗ Definition of assessment has been made more precise and clear

### Effective Date

- ⊗ Date of enactment of Finance Bill, 2018



# Powers to Commissioner (Appeals) to remand back

- Current Scenario**
- ⊗ The Commissioner (Appeals) after making inquiry as may be necessary has powers to pass such order as he thinks just and proper, confirming, modifying or annulling the decision or order appealed against
- Change in Law**
- ⊗ Power is proposed to be granted to Commissioner (Appeals) to remand back following specified matters to original adjudicating authority with directions for fresh adjudication/decision:
    - ⊗ where an order or decision has been passed without following the principles of natural justice
    - ⊗ where no order or decision has been passed after re-assessment under Section 17 or
    - ⊗ where an order of refund has been issued crediting the amount to the Fund without recording any finding on the evidence produced by the applicant
- Impact**
- ⊗ Commissioner (Appeals) is now proposed to be empowered to remand back specified cases
- Effective Date**
- ⊗ Date of enactment of Finance Bill, 2018

## Serving of Notice...

### Current Scenario

- ⊗ Presently, any order or decision passed or any summons or notice issued under this Act, shall be served:
  - ⊗ either by tendering the order, decision, summons or notice or
  - ⊗ sending it by registered post or by such courier as may be approved by the Principal Commissioner or Commissioner of Customs or
- ⊗ If the order, decision, summons or notice cannot be served in the manner provided above, by affixing it on the notice board of the customs house (Section 153)

### Change in Law

- ⊗ In order to align the provisions of service of order, decisions etc. with the provisions of CGST Act, it is proposed to expand modes for service of order, decision, summons, notice or any other communication as under:
  - ⊗ by giving or tendering it directly to the addressee or importer or exporter or his customs broker or his authorised representative including employee, advocate or any other person or to any adult member of his family residing with him or
  - ⊗ by a registered post or speed post or courier with acknowledgement due, delivered to the person for whom it is issued or to his authorised representative, if any, at his last known place of business or residence or
  - ⊗ by sending it to e-mail address provided by the person to whom it is

## ...Serving of Notice

### Change in Law

issued, or to e-mail address available in any official correspondence of such person or

- ⊗ by publishing it in a newspaper widely circulated in the locality in which the person to whom it is issued is last known to have resided or carried on business or
- ⊗ by affixing it in some conspicuous place at the last known place of business or residence of the person to whom it is issued and if such mode is not practicable for any reason, then, by affixing a copy thereof on the notice board of the office or uploading on the official website, if any

- ⊗ Date of service shall be deemed to be the date on which it is tendered or published or a copy thereof is affixed or uploaded in the manner provided above

- ⊗ When such order, decision, summons, notice or any communication is sent by registered post or speed post, it shall be deemed to have been received by the addressee at the expiry of the period normally taken by such post in transit unless the contrary is proved

### Effective Date

- ⊗ Date of enactment of Finance Bill, 2018

03.02.2018

# General Power to make regulations

## Change in Law

- ⊗ It is proposed to empower the Board specifically to make regulations on the following matters, namely:
  - ⊗ time and manner of finalization of provisional assessment
  - ⊗ manner of conducting pre-notice consultation
  - ⊗ circumstances and the manner in which supplementary notice can be issued
  - ⊗ form and manner in which an application for advance ruling or appeal shall be made and the procedure for the authority
  - ⊗ manner of clearance or removal of imported or export goods
  - ⊗ documents to be furnished in relation to imported goods
  - ⊗ conditions, restrictions and the manner for deposits in electronic cash ledger, the utilization and refund and manner for maintaining such ledger
  - ⊗ manner of conducting audit
  - ⊗ goods for controlled delivery
  - ⊗ measures and separate procedures or documentation for a class of importers or exporters or categories of goods on the basis of the modes of transport of goods

(Section 157)

## Effective Date

- ⊗ Date of enactment of Finance Bill, 2018

03.02.2018

## Miscellaneous Amendments

- ⊗ Under Customs Act, the words 'Import Manifest' and 'Export Manifest' are proposed to be substituted by 'arrival manifest or import manifest' and 'departure manifest or export manifest' respectively
- ⊗ It is proposed to authorize the Board for providing time limit for the importer or exporter to submit relevant documents and information and also for providing time limit for the proper officer to finalize provisional assessment (Section 18)
- ⊗ Name of the Board is proposed to be changed from 'Central Board of Excise and Customs' to 'Central Board of Indirect Tax and Customs'
- ⊗ Now, in addition to imported goods, it is proposed that the information with respect to export goods should be provided in import manifest or import report. It also seeks to provide by regulation the manner of delivery of manifest (Section 30)
- ⊗ Similarly, it is proposed that export manifest or export report shall now include information with respect to imported goods in addition to export goods. Further, Government proposes to provide the manner of delivery of manifest, by regulations and also penalty provisions for late filing of manifest (Section 41)



# Miscellaneous Amendments

- ⊗ It is proposed to empower the Board to fix monetary limits for adjudication of cases by specified officers below the rank of Joint Commissioner by way of notification (Section 122)
  
- ⊗ Measures undertaken for facilitation of trade (Section 143AA):
  - ⊗ The Board, for facilitation of trade, is empowered to take measures or prescribe separate procedure or documentation for a class of importers or exporters or for categories of goods or on the basis of the modes of transport of goods for:
    - ⊗ (a) maintaining of transparency in import and export documentation
    - ⊗ (b) expeditious clearance or release of goods entered for import or export
    - ⊗ (c) reduction in the transaction cost of clearance of importing or exporting goods
    - ⊗ (d) maintaining balance between customs control and facilitation of legitimate trade





# CUSTOMS TARIFF AMENDMENTS

# Valuation in case of in-bond transfer of warehoused goods

## Current Scenario

- ☹ With effect from 01.07.2017, IGST alongwith GST Compensation Cess, as leviable under Section 5 of Integrated Goods and Services Tax Act, 2017, is levied on import of goods by virtue of Section 3 (7) and 3 (9) of the Customs Tariff Act

## Change in Law

- ☹ In case of sale of warehoused goods before clearance for home consumption or export, IGST and Compensation Cess shall be calculated on transaction value (i.e. sale value) or assessable value (as per Customs Laws) plus customs duties, whichever is higher

## Effective Date

- ☹ Date of enactment of Finance Bill, 2018



# AMENDMENT TO FIRST SCHEDULE OF THE CUSTOMS TARIFF ACT, 1975

## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
2009 11 00 2009 12 00 2009 19 00	Orange fruit Juice – Frozen, not frozen and other forms  <u>Note:</u> The effective rate for import for the said goods is amended accordingly	30%	35%
2009 21 00 to 2009 90 00	Other fruit juices and vegetable juices	30%	50%
2009 81 00, 2009 90 00	Cranberry juice  <u>Note:</u> The effective rate for import for the said goods is amended accordingly	10%	50%
3303	Perfumes and toilet waters	10%	20%
3304	Beauty and make makeup products for care of skin (other than medicaments)	10%	20%
3305	Preparations for use on the hair	10%	20%

## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
3306	Preparation for oral and dental hygiene	10%	20%
3307	Pre-shave, shaving or after shave products, deodorants, bath preparations, depilatories and others	10%	20%
3406	Candles, tapers and the like	10%	25%
3919 90 90,3920 99 99, 3926 90 91 & 3926 90 99	Specified parts and accessories of cellular mobile phones	10%	15%
4011 20 10	Trucks and bus radial tyres used in Buses and Lorries	10%	15%
4823 90 90	Kites – related to paper, paperboard, cellulose, wadding and webs of cellulose fibers  <u>Note:</u> Tariff rate of such goods is increased to 20%. However, effective BCD Rate on import of kites and other articles of paper other than falling under Tariff heading 4823 20 00 to 4823 90 30 is retained at 10%	10%	10%

## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
5608	Knotted netting of twine, cordage or rope ; made up fishing nets and other made up nets, of textile materials	10%	25%
5609	Articles of yarn, strip or the like of heading 5404 or 5405, twine, cordage, rope or cables, not elsewhere specified or included	10%	25%
6401 to 6405	Footwear, gaiters and the like	10%	20%
6406	Parts of Footwear	10%	15%
7117	Imitation Jewellery	15%	20%

## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
8407 (except 8407 21 00) to 8409	<p>Specified parts/accessories of motor vehicles, motor cars, motor cycles</p> <p><u>Note:</u> Tariff rate of such goods is increased to 15%. However, effective BCD Rate on import is retained at 7.50% on above mentioned goods except Engines and parts suitable for use solely or principally with the engines, or as a kind used in:-</p> <ol style="list-style-type: none"> <li>1) Motor Vehicles falling under Heading 8702 or 8704</li> <li>2) Motor Car falling under Heading 8703</li> <li>3) Motor cycles falling under heading 8711</li> </ol>	7.5%	7.5%
8483 10 91 & 8483 10 92	<p>Cranks shaft for engines (of heading 8407 &amp; 8408)</p> <p><u>Note:</u> Tariff rate of such goods is increased to 15%. However, effective BCD Rate on import is retained at 7.50% on above mentioned goods except Engines of:-</p> <ol style="list-style-type: none"> <li>1) Motor Vehicles falling under Heading 8702 or 8704</li> <li>2) Motor Car falling under Heading 8703</li> <li>3) Motor cycles falling under heading 8711</li> </ol>	7.5%	7.5%



## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
8504 40 (except 8504 40 21)	Static Converters  <u>Note:</u> Tariff rate of such goods is increased to 15%. However, effective BCD Rate on import is retained at 10% on such goods other than charger and adapter of cellular mobile phones	10%	10%
8506 (except 8506 90 00)	Primary Cells and Primary Batteries  <u>Note:</u> Tariff rate of such goods is increased to 15%. However, effective BCD Rate on import is retained at 10% on such goods other than cell or battery of cellular mobile phones	10%	10%

## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
8507 (8507 10 00, 8507 20 00, 8507 30 00, 8507 40 00, 8507 50 00, 8507 80 00)	Electric Accumulators, including Separators thereof, whether or not rectangular (Including Square)  <u>Note:</u> Tariff rate of such goods is increased to 15%. However, effective BCD Rate on import is retained at 10% on above mentioned other than cell or battery of cellular mobile phones	10%	10%

## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
8507 60 00	<p>Lithium-ion</p> <p><u>Note:</u> Tariff rate of such goods is increased to 20%. However, effective BCD Rate on import is retained at 10% on above mentioned other than lithium-ion battery of cellular mobile phones and 15% on Lithium-ion battery of cellular mobile phones</p>	10%	10%/15%
8511	<p>Electrical Ignition or starting equipment and cut offs of motor vehicles</p> <p><u>Note:</u> Tariff rate of such goods is increased to 15%. However, effective BCD Rate on import is retained at 7.50% on above mentioned goods except Engines of:-</p> <p>1) Motor Vehicles falling under Heading 8702 or 8704                  2) Motor Car falling under Heading 8703                  3) Motor cycles falling under heading 8711</p>	7.5%	7.5%
8517 12 10, 857 12 90	Cellular Mobile Phones: (Push button type & Others)	15%	20%

## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
8517 62 90	<p>Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus: Other</p> <p><u>Note:</u> Tariff rate of such goods is increased to 20%. However, effective BCD Rate on import is retained at 10% on above mentioned goods other than wrist wearable devices</p>	10%	10%
8517 70 90	Parts such as key pads, GSM antenna or antenna of any technology of cellular mobile phones	10%	15%



## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
8518 10 00, 8518 29 00, 8518 30 00, 8518 40 00	Microphones & stands thereof & others, Headphones & Earphones and Audio-frequency electric amplifiers  <u>Note:</u> Tariff rate of such goods is increased to 15%. However, effective BCD Rate on import of such goods is retained at 10% on above mentioned goods other than following parts of cellular mobile phone :- 1) Microphones 2) Wired Headset 3) Receiver	10%	10%/15%
8529 10 99, 8529 90 99	Aerials and aerials reflectors of all kind & Others  <u>Note:</u> Tariff rate of such goods is increased to 15%. However, effective BCD Rate on import is retained at 10% on parts of goods of heading 8525, 8526 and 8527 falling under above mentioned goods	10%	10%

## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
8538 90 00	<p>Specified parts and accessories of cellular mobile phones</p> <p><u>Note:</u> Tariff rate of such goods is increased to 15%. However, effective BCD Rate on import of above goods other than Side key of cellular mobile phone is retained at 7.50%</p>	7.5%	7.5%/15%
8544 19, 8544 42, 8544 49	<p>Insulated, wire, cable, other insulated electric conductors, optical fiber cables, fitted with connectors &amp; others</p> <p><u>Note:</u> Tariff rate of such goods is increased to 15%. However, effective BCD Rate on import is retained at 7.50% on above mentioned goods except USB cable of cellular mobile phones</p>	7.5%/10%	7.5%/15%

## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
8708	Parts and accessories of motor vehicles (of heading 8701 to 8705)	10%	15%
8714 10	Parts and accessories of Motor cycles (including mopeds)	10%	15%
9004 10 00	Sunglasses	10%	20%
9018, 9019, 9021 & 9022	Medical devices  <u>Note:</u> Tariff rate of such goods is increased to 10%. However, BCD Rate on import is retained at 7.50% and 5% on the goods falling under mentioned Tariff Heading	5%/7.5%	5%/7.5%
9020 00 00	Other Breathing appliances and gas masks, excluding protective masks having neither mechanical parts nor replaceable filters	7.5%	10%



## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
9101 to 9105	Watches & Clocks	10%	20%
9401	Seats, whether or not convertible into beds and parts thereof	10%	20%
9403	Other furniture and parts thereof	10%	20%
9404	Mattress supports; articles of bedding and similar furnishing	10%	20%
9503 (except 9503 00 90)	Tricycles, scooters, pedal cars and similar wheeled toys; dolls's carriages; dolls; other toys; & puzzles of all kinds	10%	20%
9504	Video game consoles and machines, articles of funfair table or parlour games, automatic bowling alley equipment	10%	20%
9505 90 10	Magical Equipment	10%	20%



## Change in the Rate of Import Duty

Tariff Heading	Description	Existing Rate	New Rate
9506 (Except 9506 91)	Articles and equipment for general physical exercise, gymnastics, athletics, other sports	10%	20%
9507	Fishing equipment like Fishing rods, fish hooks and others	10%	20%
9508	Roundabouts, swings, shooting galleries and other fairground amusements; travelling circuses and travelling menageries and travelling theatres	10%	20%
9611 00 00	Date, sealing or numbering stamps, and the like	10%	20%
9613	Cigarette Lighters and other lighters	10%	20%
9616	Scent spray and similar toilet sprays, and mounts and heads therefor; power-puffs and pads for the application of cosmetic or toilet preparations	10%	20%

## Amendments made to the Second Schedule of the Customs Tariff Act, 1975

A new item is inserted under Second Schedule of the Customs Tariff Act having Tariff Heading “8545 11 00” with description “Electrodes of a kind used for furnaces” at the rate of 20%

Note: However, the effective rate of export duty on “Electrodes of a kind used for furnaces” will be NIL in view of specific exemption vide Notification No. 23/2018-Customs dated 02.02.2018



# CUSTOMS RATE AMENDMENTS

# Introduction of SWS and abolition of EC and SHEC...

## Current Scenario

- ⊗ Hitherto, Customs EC and SHEC was levied on specified goods

## Change in Law

- ⊗ Now, such Customs EC and SHEC have been abolished vide Finance Bill, 2018 and Notification Nos. 7/2018 – Cus., 8/2018-Cus., 9/2018-Cus. and 10/2018-Cus. dated 02.02.2018 (Presently, such levy is exempted and after enactment of Finance Bill, 2018, such levy would become ineffective)
- ⊗ A new Surcharge called Social Welfare Surcharge (SWS) is imposed with immediate effect with an object to provide and finance education, health and social security
- ⊗ In case of import of specified goods, SWS is levied @ 10% on aggregate of duties, taxes and cesses vide Finance Bill, 2018 and Notification Nos. 11/2018-Cus. dated 02.02.2018 (Specified goods which were exempted from levy of EC and SHEC are granted exemption from SWS also)

## ...Introduction of SWS and abolition of EC and SHEC

### Change in Law

- ⊗ Levy of SWS on IGST and GST Compensation Cess is fully exempted (Notification No. 13/2018-Cus. dated 02.02.2018)
- ⊗ SWS on specified goods such as Petrol, HSD Oil, Gold and Silver would be charged @ 3% (Notification No. 12/2018-Cus. dated 02.02.2018)

### Impact

- ⊗ SWS to be levied on specified goods
- ⊗ It appears that unless the law is suitably amended, credit of SWS may not be available

## Social Welfare Surcharge

Heading	Description	Existing Rate	New Rate
2710	Motor spirit commonly known as petrol and high speed diesel oil	-	3%
7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured form, or in powder form	-	3%
7108	Gold (including gold plated with platinum), unwrought or in semi-manufactured form, or in powder form	-	3%



# Introduction of Road and Infrastructure Cess

## Current Scenario

- ⌚ Hitherto, a Cess named as Road Cess was charged at Rs. 6/- per litres on motor spirit (Petrol) and High Speed Diesel (HSD) Oil falling under Tariff Heading 2710

## Change in Law

- ⌚ Now, such Road Cess has been abolished vide Finance Bill, 2018 and Notification Nos. 15/2018-Cus., 16/2018-Cus., 17/2018-Cus., 18/2018-Cus., 19/2018-Cus., 20/2018-Cus. dated 02.02.2018 (Presently, such levy is exempted and after enactment of Finance Bill, 2018, such levy would become ineffective)



- ⌚ A new Cess named as Road and Infrastructure Cess (as Additional Duty of Customs) would be charged at Rs. 8/- per litre on Petrol & HSD Oil for financing infrastructure projects
- ⌚ However, CVD as is equivalent to additional duty of excise (Road and Infrastructure Cess) is granted exemption vide Notification No. 21/2018-Cus. dated 02.02.2018

# Exemption from IGST

## Background

- ⌚ Aircrafts, Aircraft engines and other aircraft parts imported under cross-border lease were chargeable to IGST during the period from 01.07.2017 to 07.07.2017

## Current Scenario

- ⌚ On 08.07.2017, Notification No. 65/2017-Customs dated 08.07.2017 was issued amending Notification No. 50/2017-Customs dated 30.06.2017 to exempt the above mentioned items prospectively

## Change in Law

- ⌚ It is proposed to grant exemption from IGST leviable under Section 3 (7) of the Customs Tariff Act on aircrafts, aircraft engines and other aircraft parts imported under cross-border lease during the period from 01.07.2017 to 07.07.2017 by giving retrospective effect to Notification No. 65/2017-Customs dated 08.07.2017
- ⌚ Refund claim in this respect may be filed within 6 months from the date of enactment of Finance Bill, 2018



## Effective Date

- ⌚ The amendment will be made effective from 01.07.2017 on enactment of Finance Bill, 2018



## Increase in Rate of Basic Customs Duties on Import of Goods

Sr. No.	Description	Existing Rate	New Rate
1	Crude edible vegetable oils like Ground nut oil, Olive oil, Cotton seed oil, Safflower seed oil, Saffola oil, Coconut oil, Palm Kernel/Babassu oil, Linseed oil, Maize corn oil, Castor oil, Sesame oil, other fixed vegetable fats and oils.	12.5%	30%
2	Refined edible vegetable oils, like Ground nut oil, Olive oil, Cotton seed oil, Safflower seed oil, Saffola oil, Coconut oil, Palm Kernel/Babassu oil, Linseed oil, Maize corn oil, Castor oil, Sesame oil, other fixed vegetable fats and oils, edible margarine of vegetable origin, Sal fat; specified goods of heading 1518	20%	35%
3	Food preparations like soft drinks concentrate, pan masala, betal nuts, custard powder, sugar syrup (excluding compound alcoholic preparations of a kind used for the manufacture of beverages, of an alcoholic strength by volume > 0.5% by volume, determined at a temperature of 20 degrees centigrade)	30%	50%
4	All types of rubber, combination of rubber for use in the manufacture of cellular mobile phones	10%	15%

## Increase in Rate of Basic Customs Duties on Import of Goods

Sr. No.	Description	Existing Rate	New Rate
5	Cushions/Gasket (made from other than cellular rubber) of LCD, LED TV panels.	NIL	10%
6	Refractory bricks, blocks, tiles and similar refractory ceramic constructional goods, other than those of siliceous fossil meals or similar siliceous earths and other refractory ceramic goods	5%	7.5%
7	Outboard Motors	0%	5%



## Increase in Rate of Basic Customs Duties on Import of Goods

Sr. No.	Description	Existing Rate	New Rate
8	Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables.	NIL	5%
9	Cut and polished coloured gemstones	2.5%	5%
10	Diamonds including lab grown diamonds-semi-processed, half-cut or broken	2.5%	5%
11	Non-industrial diamonds including lab-grown diamonds(other than rough diamonds)	2.5%	5%
12	Grapefruit, Juice of any other single citrus fruit, Pineapple juice, Tomato, Apple, Mango, Cranberry juices	30%	50%
13	Perfumes and spirituous toilet preparations	10%	20%

## Increase in Rate of Basic Customs Duties on Import of Goods

Sr. No.	Description	Existing Rate	New Rate
14	Grapefruit, Juice of any other single citrus fruit, Pineapple juice, Tomato, Apple, Mango, Cranberry juices	30%	50%
15	Perfumes and spirituous toilet preparations	10%	20%
16	Beauty and make-up preparations, Preparations on use in Hair, Preparation for oral and dental hygiene, Pre-Shave, Shaving, After Shave preparation	10%	20%
17	Candles and tapers	10%	25%
18	Silk Fabrics – Woven fabrics of silk or silk waste	10%	20%
19	Radial Tyres used in buses or lorries	10%	15%
20	Lithium-ion battery	10%	15%
21	Moulded plastics for manufacturer of charger or adapter of cellular mobile phone	NIL	10%
22	Lamps and lighting fittings including search lights and spot lights and parts thereof other than solar later or solar lamps	10%	20%

## Increase in Rate of Basic Customs Duties on Import of Goods

Sr. No.	Description	Existing Rate	New Rate
23	<p>Following parts, sub-parts, accessories of cellular mobile phones, namely</p> <ul style="list-style-type: none"> <li>• Heat dispensation sticker battery cover, protective film for main lens, Mylar for LCD FPC, Film-front flash</li> <li>• Battery cover, Front cover, Middle cover, Back</li> <li>• Main Lens ,camera lens</li> <li>• PU case, Sealing Gasket</li> <li>• Sealing gaskets from PE,PP,EPS,PC and all other individual polymers, SIM Socket/other Individual polymers or combination/ Combination of polymers, SIM socket/other mechanical Items, Conductive Cloth, LCD Conductive Foam ,BT Foam.</li> </ul> <p>(However BCD on goods, other than these specified parts or sub-parts or accessories of cellular mobile phones remains retained at 10%)</p>	10%	15%

## Increase in Rate of Basic Customs Duties on Import of Goods

Sr. No.	Description	Existing Rate	New Rate
24	Motor Vehicles, If imported as a Completely Knocked Down (CKD) kit containing all the necessary components, parts or sub assemblies, for assembling a complete vehicle with engine, gearbox and transmission mechanism not in a pre-assembled condition;	10%	15%
25	Motor Vehicles in any form as other than above(CBU)	20%	25%
26	Articles and equipment for sports or outdoor games, swimming pools and paddling pools [other than articles and equipment for general physical exercise, gymnastics or athletics]	10%	20%

## Increase in Rate of Basic Customs Duties on Import of Goods

Sr. No.	Description	Existing Rate	New Rate
27	The following goods for use in the manufacture of LCD and LED TV panels of heading 8529, namely:- (i) Open cell (15.6” and above); (ii) Plate diffuser; (iii) Film diffuser; (iv) Reflector sheet; (v) Film, top; (vi) Film, middle; (vii) Film, bottom; (viii) BAR, LED; (ix) Bezzal; (x) Back cover sheet; (xi) Black Light Unit Module	NIL	10%
28	Parts suitable for use solely or principally with the apparatus of headings 8525, 8526 or 8527	NIL	10%

## Increase in Rate of Basic Customs Duties on Import of Goods

Sr. No.	Description	Existing Rate	New Rate
29	Screws of cellular Mobile Phone's	10%	15%
30	SIM Socket/other Mechanical Items(metals) of Cellular mobile Phone's	10%	15%
31	on <b>Motor cars and other motor vehicles principally designed for the transport of persons</b> (other than those of heading 87.02), which have not been registered anywhere prior to importation If imported,-As a Completely Knocked Down (CKD) kit containing all the necessary components, parts or sub-assemblies, for assembling a complete vehicle, with, engine, gearbox and transmission mechanism not in a pre-assembled condition .	10%	15%

Notification Nos. 06/2018-Customs and 22/2018-Customs dated 02.02.2018



## Decrease in Rate of Basic Customs Duties on Import of Goods

Sr. No.	Description	Existing Rate	New Rate
1	Cashew nuts in shell (raw cashew)	5%	2.5%
2	Other articles of stone containing magnesite, dolomite or chromite	10%	7.5%
3	Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals or of similar siliceous earths	10%	7.5%
4	Solar tempered glass or solar tempered (anti-reflective coated) glass for use in manufacture of solar cells/panels/modules	5%	NIL

Notification No. 6/2018-Customs dated 02.02.2018

## Scope of exemption expanded in case of Import of Goods

Sr. No.	Particulars
1	Subject to specified conditions, benefits of reduced rate 2.5% of basic custom duty on importation are provide to all types of CNC machine tools falling under headings 8456 to 8463
2	All goods falling under 8708 other than parts and accessories of the motor vehicle falling under 8702,8703,8704, shall get the benefit of reduced rate of basic customs duty of 10% on importation in India
3	Subject to specified conditions, benefits of Nil rate of basic custom duty on importation are provide to Raw materials, parts or accessories for the manufacture of Cochlear Implants

Notification No. 6/2018-Customs dated 02.02.2018

## Exempted from Basic Customs Duty on Importation

Sr. No.	Particulars
1	<p>Subject to specified conditions, the following goods are <b>exempt</b> from basic customs duty when the same has imported into India:</p> <p>a) Inputs or raw material [other than Printed Circuit Board Assembly (PCBA) (falling under tariff item 8504 90 90) and Moulded Plastics (falling under tariff items 3926 90 99 or 8504 90 90)] for use in the manufacture of charger or adapter of cellular mobile phones</p> <p>b) Inputs or parts for use in the manufacture of following parts of charger or adapter of cellular mobile phones, namely:- (i) Printed Circuit Board Assembly (PCBA) (falling under tariff item 8504 90 90) (ii) Moulded Plastics (falling under tariff items 3926 90 99 or 8504 90 90).</p>

Notification No. 22/2018-Customs dated 02.02.2018



## Exemption from Service tax on services provided by Life Insurance Services by Naval Group Insurance Fund

- ☺ Life Insurance Services provided or agreed to be provided by the Naval Group Insurance Fund, to personnel of Coast Guard under the Group Insurance Schemes of the Central Government are proposed to be granted full exemption from Service tax retrospectively for the period from 10.09.2004 till 30.06.2017 (Both days inclusive)
- ☺ Service tax so collected during the said period shall be refunded, if claimed within 6 months from the date of enactment of the Finance Bill, 2018

## Exemption from Service tax on services provided by GSTIN from the time of its incorporation

- ⊙ Services provided or agreed to be provided by GSTIN (Goods and Services Tax Network) to the following:
  - Central Government or
  - State Government or
  - Union Territory Administrationproposed to be exempted from levy of Service Tax retrospectively from 28.03.2013 till 30.06.2017 (Both days inclusive)
  
- ⊙ Service tax so collected during the said period shall be refunded, if claimed within a period of 6 months from the enactment of the Finance Bill, 2018

## Exemption from Service tax on supply of services by way of grant of license to mine petroleum crude or natural gas

- ⊙ Consideration paid to the Government in the form of Government's share of Profit, in respect of services provided or agreed to be provided by Government by way of grant of license or lease to explore or mine petroleum crude or natural gas or both, is proposed to be exempted from levy of Service Tax retrospectively from 01.04.2016 till 30.06.2017 (Both days inclusive)
- ⊙ Service tax so collected during the said period shall be refunded, if claimed within a period of 6 months from the enactment date of the Finance Bill, 2018



# CENTRAL EXCISE AMENDMENTS



# Introduction of Road and Infrastructure Cess

## Current Scenario

- ⌚ Hitherto, a Cess named as Road Cess was charged at Rs. 6/- per litres on motor spirit (Petrol) and High Speed Diesel (HSD) Oil falling under Tariff Heading 2710

## Change in Law

- ⌚ Now, such Road Cess has been abolished vide Finance Bill, 2018 and Notification Nos. 1/2018-CE, 2/2018-CE, 7/2018-CE and 8/2018-CE dated 02.02.2018 (Presently, such levy is exempted and after enactment of Finance Bill, 2018, such levy would become ineffective)



- ⌚ A new Cess named as Road and Infrastructure Cess (as Additional Duty of excise) would be charged at Rs. 8/- per litre on Petrol & HSD Oil for financing infrastructure projects
- ⌚ Basic Excise Duty on manufacture of such specified products is reduced by Rs. 2/- per litre vide Notification No. 9/2018-CE dated 02.02.2018

## Impact

- ⌚ The effective rate of Excise Duty remains the same

## Ethanol blended Petrol & Bio-diesel

Particulars	Position till 01.02.18	Position from 02.02.18
Products:- (i) 5% Ethanol Blended Petrol (ii) 10% Ethanol Blended Petrol (iii) Bio-Diesel	Road Cess which was exempted, has been <u>Abolished</u>  Notification Nos. 3/2018-CE, 4/2018-CE & 5/2018-CE dated 02.02.2018	The new Road and Infrastructure Cess is also <u>Exempt</u>  Notification Nos. 11/2018-CE, 12/2018-CE & 13/2018-CE dated 02.02.2018
Therefore , the net impact of such Cess remains the same. Effectively, there is no change in effective Excise Duty on above products.		

## Goods Cleared from 4 Specified refineries in the North east

Particulars	Position till 01.02.18	Position from 02.02.18
Goods Cleared from Specified refineries	<p>50% Exemption on duties including Road Cess, has been <u>Abolished</u></p> <p>Notification No. 6/2018-CE dated 02.02.2018</p>	<p>50% of the duties including Road and Infrastructure Cess is <u>Exempted</u></p> <p>Notification No. 10/2018-CE dated 02.02.2018</p>

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03.02.2018

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