

UNION BUDGET 2023 - INDIRECT TAX PROPOSALS



*Unit No. 95D, Tower-2, Pocket-C,
Express View HIG Apartments, Pocket-C,
Noida-201 304
E-mail: sumit@abott.in, legal@abott.in*

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BACKGROUND

With the inauguration of Amrit Kaal, On February 01, 2023, the Hon'ble Finance Minister of India unveiled the very first Union Budget of Amrit Kaal: Union Budget 2023, with a view to seed and plant the economic edifice to cherish the forthcoming flower of centenary of the Republic of India. To the said end, the Budget adopted seven priorities which would act as constellation of seven stars guiding the economic trajectory of the India through its journey of Amrit Kaal. Such seven priorities are:

- (i) Development,
- (ii) Reaching the Last Mile,
- (iii) Infrastructure and Investment,
- (iv) Unleashing the Potential,
- (v) Green Growth,
- (vi) Youth Power, and
- (viii) Financial Sector,

Further, the economic survey speculated that the pace of India's economic growth rate will be 6.5% in the next financial year, while it had been 7% in the present financial year. Such momentum of growth rates heralded that the present Union Budget of 2023 aims to bring significant steps to ensure a positively significant growth rate in the financial year 2023. Additionally, the Union Budget of 2023 will attempt to meet the hopes and aspirations of the people and endeavors to be a ray of hope for the world amid global economic turmoil.

The Hon'ble Finance Minister, *vide* the Union Budget of 2023, has reasonably sought to balance the incentives between the capex to be expended and revenue to be generated in the form of direct and indirect taxes. In regard to direct taxes, certain incentives were announced and the applicability of rebate has been increased to INR 7 lacs. For the capex, proposal has been made to hike the capex by 33% to a whopping amount of INR 10 Lakh Crore. Also, the states will be incentivized to spend more on their infrastructure.

In respect of indirect tax proposals, the requisite measures in the form of amendments have been made with a view to further propel the exports, amplify domestic manufacturing, enhance domestic value addition, and encourage green energy and mobility. To that end, various provisions of Indirect Taxes were streamlined and basic custom duties were rationalized so as to enable the laws facilitate the accomplishment of the said objectives.

In the foregoing document, we have made an attempt to discuss and demonstrate various amendments proposed in respect of Indirect Taxes (i.e., with regard to Goods & Services Tax, Integrated Goods and Services Tax, Customs Laws and Excise Law), as attempt has been made, in the Union Budget of 2023, to further simplify the tax structure with fewer tax rates to help reduce compliance burden and improve tax administration.

KEY HIGHLIGHTS

The Union Budget of 2023 has focused on widening the gamut of economic growth and boosting certain key areas like infrastructure, manufacturing and creating jobs. Further, the Hon'ble Finance Minister, while thanking the taxpayers announced that the gross GST collection for the month of January 2023 has surged to over INR 1.55 Lakh Crore, the second highest- ever mop-up. The revenues in the current financial year up to January 2023 are 24% higher than the GST revenues during the same period last year. It has been the third time, in the current financial year, that GST collection has crossed INR 1.50 Lakh Crore mark.

Moving further, some of the key highlights of the Union Budget 2023 in respect of indirect taxation are specified hereinbelow:

- There is a hike in basic customs duty on articles made from gold bar, cigarettes, kitchen electric chimney, compounded rubber, etc. However, customs duty has been reduced on the import of certain inputs for mobile phone manufacturing, parts of open cells of TV panels, seeds used in manufacturing of lab-grown diamonds, shrimp feed, etc.
- To avoid cascading of taxes on blended CNG, excise duty has been proposed to be exempted on GST-paid compressed bio gas.
- To catalyze the object of attaining green mobility, customs duty exemption has been extended on import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles.
- To increase and enhance the export competitiveness of marine products, especially shrimps, customs duty has been reduced on key inputs for domestic manufacture of shrimp feed.
- NCCD on certain cigarettes of specified characteristics has been revised in an upward direction by about 16%.
- Basic customs duty on seeds used in the manufacture of Lab Grown Diamonds has been reduced.
- To rectify the inversion of duty structure and encourage manufacturing of electric kitchen chimneys, the basic customs duty on electric kitchen chimney has been increased from the present rate of 7.5% to 15%, and that on heat coils has been axed to 15%.
- To curb circumvention of duty, basic customs duty rate on compounded rubber has been increased from 10% to '25% or INR 30 per kg whichever is lower'.
- To promote the domestic value addition in manufacture of mobile phones, relief has been provided in respect of custom duty on import of certain parts and inputs like camera lens and continued the concessional duty on lithium-ion cells for batteries for another year. Further, to incentivize the value addition in manufacture of televisions, basic custos duty on parts of open cells of TV panels has been slashed to 2.5%.

AMENDMENTS UNDER THE CENTRAL GOODS AND SERVICES TAX ACT, 2017

S. No.	Clause of the Finance Bill	Relevant Section of Central Goods and Services Tax Act, 2017 (CGST Act)	Amendment
<p>Amendments carried out in the Finance Bill, 2023 vis-à-vis CGST Act, 2017 shall come into force on such date as the Central Government may, by notification in the Official Gazette, specify, except for the amendment proposed <i>vide</i> clause 131 and clause 142 of the said Bill which shall into effect retrospectively from July 01, 2017.</p>			
1.	128	Section 10 (2A) I and Section 10 (2) (d)	<p>The benefit of Composition Levy mechanism has been extended to registered persons engaged in supplying goods through e-commerce operators, and for such the requisite amendments have been proposed under Section 10(2I(c) and Section 10(2)(d) of the CGST Act.</p>
2.	129	Section 16 (2)	<p>With a view to align the second and third provisos to Section 16(2) of the CGST Act with the return filing mechanism as provided under the said Act, the proposal to reword the said provisos has been made.</p> <p>It is relevant to mention herein that both the conditions (i.e., ITC is utilized and there is an expiry of 180 days) for the purpose of charging interest in terms of the provisions of Section 50 of the CGST Act, 2017.</p>
3.	130	Section 17 (3) and 17(5)	<p>By virtue of proposed amendment to Explanation to Section 17 (3) of the CGST Act the value of exempt supply has been revised so as to include therein</p> <p>(i) the value of activities or transactions specified in paragraph 5 of Schedule III to the CGST Act; and</p> <p>(ii) the value of such activities or transactions as may be prescribed in respect of clause (a) of paragraph 8 of the Schedule III to the CGST Act.</p> <p>Keeping in view the essence and nature of CSR mechanism as required to be complied with under Section 135 of the Companies Act, 2013, the ambit</p>

			of block credit as prescribed under Section 17(5) of the CGST Act has been proposed to be expanded so as to include therein the provision to the effect that input tax credit shall not be available in respect of goods or services or both, which are used/intended to be used for activities relating to obligations of CSR activities, received by a taxable person.
4.	131	Section 23	With a view to remove ambiguity in relation to registration provisions of the CGST Act, a proposal to effect retrospective amendment with effect from July 01, 2017 to Section 23 of the CGST Act has been posited by way of incorporating a non obstante clause in the said Section so as to supersede Section 22 and Section 24 of the CGST Act, providing thereby that persons who are compulsorily required to get registered in terms of Section 24 and Section 22 (1) of the CGST Act need not register themselves if exempt under Section 23 of the CGST Act.
5.	132 133 134 135	Section 37 Section 39 Section 44 Section 52	<p>Limitation period of three years has been introduced for (i) furnishing details pertaining to outward supplies vide GSTR-1; (ii) filing GSTR-3B; (iii) Annual return in Form GSTR-9 and (iv) furnishing statement under GSTR-8 by e-commerce operator.</p> <p>Furthermore, an enabling provision has been appended to the effect that a relaxation by way of extension of the said time limit of three years for filing the return for a tax period may be allowed to a registered person or a class of registered persons on the recommendations of the GST council, by notification, and subject to such conditions and restrictions as may be specified in the said notification.</p>
6.	136	Section 54 (6)	Section 54 (6) of the CGST Act has been amended so as to remove the reference to provisionally accepted ITC in order to sync the same with the present scheme of availment of self-assessed ITC in tune with Section 41 (1) of the CGST Act.
7.	137	Section 56	In respect of interest on delayed refunds, Section 56 of the CGST Act has been proposed to be amended so as to prescribe an enabling provision therein to the effect that the manner of

			computation of period of delay for calculation of interest on delated refunds.
8.	138	Section 122	A new sub-section (1B) has been inserted in Section 122 of the CGST Act so as to provide for penalization of e-commerce operators in case of contravention of provisions relating to supplies of goods made through them by unregistered persons or composition taxpayers or such e-commerce operators failed to furnish correct details in the statement required to be filed by them in accordance with Section 52 (4) of the said Act.
9.	139	Section 132 (1)	<p>Section 132 (1) of the CGST Act has been amended with a view to decriminalize the offences specified in clause (g), (j) and (k) therein which pertains to obstruction/ prevention of any officer in the discharge of duties under the said Act, tampering/ destroying any material evidence/ documents, and fails to supply any information required to be supplied under the Act or supplies false information in respect thereof, respectively.</p> <p>Further, it has been proposed to increase the monetary threshold for launching prosecution for the offences under the CGST Act from present limit of rupees one crore to rupees two crores, except for the one relating to issuance of invoices without supply of goods/ services/ both leading to wrongful availment/ utilization of ITC or refund thereof as specified in Section 132 (1) (b).</p>
10.	140	Section 138 (1) and Section 138 (2)	<p>First proviso to Section 138 (1) of the CGST Act has been amended so as to simplify the language of clause (a), to omit clause (b) and to substitute the clause (c) of said proviso so as to exclude the persons involved in offences relating to issuance of invoices without supply of goods or services or both from the option of compounding of the offences under the said Act.</p> <p>It further sought to amend Section 138 (2) of the CGST Act so as to rationalize the amount for compounding of various offences by prescribing the minimum amount to not less than 25% of the tax involved and the maximum amount to not more than 100% of the tax involved.</p>
11.	141	Section 158A	A new provision of Section 158A in the CGST Act

			has been inserted therein with a view to provide for prescribing the manner and conditions in respect of sharing the information furnished by the registered person in his return or in his application of registration or in his statement of outward supplies, or the details uploaded by him for generation of e-invoice or e-way bill or any other details, as may be prescribed, on the common portal with such other systems, as may be notified.
12.	142	Schedule III	<p>Schedule III of the CGST Act has been amended so as to give retrospective applicability to para 7, para 8 (a) and para 8 (b) of the said Schedule, with effect from July 01, 2017, so as to treat the activities/ transactions mentioned in the said paragraphs as neither supply of goods nor supply of services.</p> <p>However, it has been sought to be clarified that in case the tax has already been paid in respect of the transactions/ activities within the ambit of para 7, para 8 (a) and para 8 (b) of the Schedule III of the said Act, during the period from July 01, 2017 to January 31, 2019, no refund of such tax paid shall be made available.</p>

AMENDMENTS UNDER THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017

S. No.	Clause of Finance Bill	Relevant Section	Amendment
1.	143	Section 2 (16) and Section 2 (17)	<p>By virtue of proposed amendment to Section 2 (16) of the IGST Act, OIDAR service provided by any person located in non- taxable territory to an unregistered person receiving the said services and located in the taxable territory has been brought under the purview of taxation under the said Act, and accordingly the definition of “non-taxable online recipient” has been sought to be revised by removing the condition of receipt of online information and database access or retrieval services (OIDAR) for purposes other than commerce, industry or any other business or profession.</p> <p>Further, by way of proposed revised explanation to the Section 2 (16) of the said Act, it is sought to clarify that the persons registered solely for effectuating collection of tax at source under Section 52 of the CGST Act as required in terms of Section 24 (vi) of said Act shall be treated as unregistered person for the purpose of the Section 2(16) of the IGST Act.</p> <p>Also, in respect of statutorily prescribed definition of “online information and database access or retrieval services”, as specified under Section 2 (17) of the IGST Act, an amendment has been made to the effect that the condition of rendering of the said supply being essentially automated and involving minimal human intervention be deleted/ omitted.</p>
2.	144	Section 12	Deletion of proviso appended to Section 12(8) of the IGST Act has been proposed to be effectuated so as to specify the place of supply, irrespective of destination of the goods, in cases where the both the supplier of services and recipient thereof are located in India.

AMENDMENTS TO THE CUSTOMS ACT, 1962

S. No.	Clause of Finance Bill	Relevant Section	Amendment
1.	123	Section 25 (4A)	<p>Section 25(4A) of the Customs Act has been amended to insert a proviso to the said sub-section to the effect that the validity period of two years, as applicable ordinarily in accordance with the substantive provision of Section 25 (4A) to the exemption notifications issued and notified under Section 25 (1) of the said Act, shall not apply to exemption notifications issued in relation to:</p> <p>(a) multilateral or bilateral trade agreements;</p> <p>(b) obligations under international agreements, treaties, conventions including with respect to UN agencies, diplomats, international organizations;</p> <p>(c) privileges of constitutional authorities;</p> <p>(d) schemes under Foreign Trade Policy;</p> <p>(e) the Central Government schemes having a validity of more than two years;</p> <p>(f) re-imports, temporary imports, goods imported as gifts or personal baggage;</p> <p>(g) any duty of customs under any law for the time being in force including IGST leviable under Section 3 (7) of the Customs Tariff Act, 1975, other than duty of customs leviable under section 12 of the Customs Act.</p>
2.	124	Section 127	<p>With a view to effectuate speedy disposal of application filed under Section 127B of the Customs Act before the Settlement Commission, a new provision of Section 127C (8A) has been in the said Act, prescribing therein a time limit of nine months from the last day of the month in which the said application is made, for the disposal of the said application, failing which the settlement proceedings shall stand abated. However, a dilutional proviso to the newly incorporated said Section has been appended thereto so as to allow the extension of such period of nine months to further period of three more months by the Settlement Commission for the reasons to be recorded in writing.</p> <p>To tackle the extant pending applications, it has been clarified by way of another proviso annexed to the newly incorporated said Section to the effect that the period of nine months shall be reckoned from the date on which the Finance Bill 2023 would receive the assent of the Hon'ble President of India.</p>

AMENDMENTS TO THE CUSTOMS TARIFF ACT, 1975

S. No.	Clause of Finance Bill	Relevant Section	Amendment
Retrospective Amendments (with effect from January 01, 1995)			
1.	125	Section 9 (6) and Section 9 (7)	Section 9 (6) and Section 9 (7) of the Customs Tariff Act has been amended so as to remove ambiguity and thereby clarify that determination and review for countervailing duty refers to determination and review of countervailing duty in a manner prescribed by the rules made under the said Act.
2.	125	Section 9A (5) and Section 9A (6)	By virtue of amendment to section 9A (5) and Section 9A (6) of the Customs Tariff Act, ambiguity is sought to be removed so as to clarify that determination and review for anti-dumping duty refers to determination and review of anti-dumping duties in a manner prescribed by the rules made under the said Act.
3.	125	Section 9C	With a view to remove ambiguity and thereby clarify that appeals under Section 9C lie against the determination or review thereof made by an authority in a manner as specified by rules notified under Sections 8B, 9, 9A and 9B of the Act. It also seeks to insert an explanation to provide the meaning of determination or review thereof.
Prospective Amendments			
4.	126 (a) read with Second Schedule to the Finance Bill	-	Schedule I to Customs Tariff Act, has been amended to increase the tariff rates on certain items with effect from February 02, 2023.
5.	126 (b) read with Third Schedule to the Finance Bill	-	Schedule I to Customs Tariff Act, has been sought to be amended to modify the tariff rates on certain tariff items as part of rationalization of customs duty rate structure with effect from the date of assent. Further, Chapter Heading 9801 of the Schedule I to

			Customs Tariff Act has been sought to be amended to exclude solar power plant/solar power project from the purview of Project Imports with effect from the date of assent.
6.	126 (c) read with Fourth Schedule to the Finance Bill	-	Schedule I to the Customs Tariff Act, has been sought to be amended to modify the tariff entries with effect from May 01, 2023.
7.	127 read with Fifth Schedule to Finance Bill	-	Schedule II to the Customs Tariff Act, has been sought to be amended so as to modify entries relating to Chapter Heading 1202.

TARIFF RATE CHANGES

S. No.	Chapter, Headings, Sub-Headings, Or Tariff Item	Commodity	Rate Of Duty From (%)	Rate Of DuTo (%)
A. INCREASE IN TARIFF RATE [TO BE EFFECTIVE FROM 02.02.2023, UNLESS OTHERWISE SPECIFIED] – CLAUSE 126(a) OF THE FINANCE BILL, 2023]				
CHEMICALS				
1.	2902 50 00	Styrene	2%	2.5%
2.	2903 21 00	Vinyl Chloride Monomer	2%	2.5%
RUBBER				
3.	4005	Compounded Rubber	10%	25% or Rs. 30 per kg., whichever is lower
GEMS AND JEWELLERY SECTOR				
4.	7113, 7114	Articles of precious metals	20%	25%
5.	7117	Imitation Jewellery	20% or Rs.400 per kg, whichever is higher	25% or Rs. 600 per kg., whichever is higher
ELECTRICAL GOODS				
6.	8414 60 00	Electric Kitchen Chimney	7.5%	15%
AUTOMOBILES AND TOYS				
7.	8712 00 10	Bicycles	30%	35%
8.	9503	Toys and parts of toys (other than parts of electronic toys)	60%	70%
B. TARIFF RATE CHANGES (WITHOUT ANY CHANGES TO THE EFFECTIVE RATE OF CUSTOMS DUTY) [CLAUSE 126(b)] OF THE FINANCE BILL, 2023]				
1.	4011 30 00	New or re-treaded pneumatic tyres, of rubber, of a kind used on aircraft of heading 8802	3%	2.5%
2.	7107 00 00	Base metals clad with silver, not further worked than semi manufactured	12.5%	10%
3.	7108	Gold (including gold plated with platinum) unwrought or in semi manufactured forms, or in powder	12.5%	10%

		form		
4.	7109 00 00	Base metals or silver, clad with gold, not further worked than semi manufactured	12.5%	10%
5.	7110 11 10 7110 11 20 7110 19 00 7110 21 00 7110 29 00 7110 41 00 7110 49 00	Platinum, unwrought or in semi manufactured form, or in powder form	12.5%	10%
6.	7111 00 00	Base metals, silver or gold, clad with platinum, not further worked than semi- manufactured	12.5%	10%
7.	7112	Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap containing precious metal or precious metal compounds, of a kind used principally for the recovery of precious metal other than goods of heading 8549	12.5%	10%
8.	7118	Coin	12.5%	10%
9.	8802 20 00 8802 30 00 8802 40 00	Aero planes and other aircrafts	3%	2.5%
C. TARIFF RATE CHANGES (WITH CHANGES TO THE EFFECTIVE RATE OF CUSTOMS DUTY) [CLAUSE 126(c) OF THE FINANCE BILL, 2023]				
1.	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	12.5%	10%

OTHER PROPOSALS INVOLVING CHANGES IN BASIC CUSTODUTY

A. CHANGES IN BASIC CUSTOMS DUTY (TO BE EFFECTIVE FROM 02.02.2023)				
S. No.	Chapter, Heading, Sub-Heading, Tariff Item	Commodity	Rate of Duty From	Rate of Duty To
AGRICULTURAL PRODUCTS AND BY PRODUCTS				
1.	0802 99 00	Pecan nuts	100%	30%
2.	1504 20	Fish lipid oil for use in manufacture of aquatic feed	30%	15%
3.	1520 00 00	Crude glycerine for use in manufacture of Epichlorohydrin	7.5%	2.5%
4.	2102 20 00	Algal Prime (flour) for use in manufacture of aquatic feed	30%	15%
5.	2207 20 00	Denatured ethyl alcohol for use in manufacture of industrial chemicals	5%	Nil
6.	2301 20	Fish meal for use in manufacture of aquatic feed	15%	5%
7.	2301 20	Krill meal for use in manufacture of aquatic feed	15%	5%
8.	2309 90 90	Mineral and Vitamin Premixes for use in manufacture of aquatic feed	15%	5%
MINERALS				
9.	2529 22 00	Acid grade fluorspar (containing by weight more than 97% of calcium fluoride)	5%	2.5%
PETROCHEMICALS				
10.	2710 12 21, 2710 12 22, 2710 12 29	Naphtha	1%	2.5%
GEMS AND JEWELLERY SECTOR				
11.	7102, 710	Seeds for use in manufacturing of rough lab-grown diamonds	5%	Nil
12.	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	7.5%	10%
13.	7106	Silver Dore	6.1%	10%
IT, ELECTRONICS				
14.	25, 28, 32,	Specified chemicals/items for	7.5%	Nil

	39, 40, 69, 73, 85	manufacture of Pre-calcined Ferrite Powder		
15.	3824 99 00	Palladium Tetra Amine Sulphate for manufacture of parts of connectors	7.5%	Nil
16.	Any Chapter	Camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone	2.5%	Nil
17.	8529	Specified parts for manufacture of open cell of TV panel	5%	2.5%
ELECTRONIC APPLIANCES				
18.	8516 80 00	Heat Coil for use in the manufacture of Electric Kitchen Chimneys	20%	15%
AUTOMOBILES				
19.	8703	Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form.	30%	35%
20.	8703	Vehicle in Completely Built Unit (CBU) form, other than with CIF more than USD 40,000 or with engine capacity more than 3000 cc for petrol run vehicle and more than 2500 cc for diesel-run vehicles, or with both	60%	70%
21.	8703	Electrically operated Vehicle in Completely Built Unit (CBU) form, other than with CIF value more than USD 40,000	60%	70%
22.	39,40,58,70, 72 73,83,84,85, 87,90	Vehicles, specified automobile parts/components, sub-systems and tyres when imported by notified testing agencies for the purpose of testing and/ or certification, subject to conditions	As applicable	Nil
CAPITAL GOODS				
23.	84, 85	Specific capital goods/machinery for manufacture of Lithium-ion cell for use in battery of electrically operated vehicle (EVs)	As applicable	Nil
B. CHANGES IN BASIC CUSTOMS DUTY (WITHOUT ANY CHANGE IN THE EFFECTIVE RATE OF CUSTOMS DUTIES I.E., BCD+AIDC+SWS)				
1.	2701, 2702, 2703	Coal, peat, lignite	1%	2.5%

2.	7108	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	12.5%	10%
3.	7108	Gold Dore	11.85%	10%
4.	7110 11 10 7110 11 20 7110 19 00 7110 21 00 7110 29 00 7110 41 00 7110 49 00	Platinum, unwrought or in semi-manufactured form, or in powder form other than those used in manufacture of noble metal compounds, noble metal solutions and catalytic converters	12.5%	10%

C. CHANGE IN END DATE OF EXEMPTION (NO CHANGE IN EFFECTIVE RATE OF DUTY)

S. No.	S. No in Notification No. 50/2017-Customs	Commodity	Rate Of Duty From %	Rate Of Duty To %
1.	368	Ferrous waste and scrap	Nil	Nil (up to 31.03.2024)
2.	374, 375	Raw materials for use in manufacture of CRGO steel	Nil	Nil (up to 31.03.2024)
3.	527A	Lithium-ion cell for use in the manufacture of battery or battery pack of cellular mobile phone	5%	5% (up to 31.03.2024)
4.	527B	Lithium-ion cell for use in the manufacture of battery or battery pack of electrically operated vehicle (EVs) or hybrid motor vehicle	5%	5% (up to 31.03.2024)
5.	168	Specified inputs and sub-parts for use in manufacture of telecommunication grade optical fibre or optical fibre cables	Nil	Nil
6.	341	Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical	5%	5% (up to 31.03.2025)

		fibres cables		
7.	341A	Inputs for manufacture of Preform of silica	Nil	Nil (up to 31.03.2025)
8.	237	Specified inputs for use in the manufacture of EVA sheet or back sheets which are used in the manufacture of solar cell or modules	Nil	Nil (up to 31.03.2024)
9.	340	Solar tempered glass for use in the manufacture of solar cell or solar module	Nil	Nil (up to 31.03.2024)
10.	405, 406	Raw materials and parts for manufacture of wind operated electricity generators, including permanent magnets for manufacture of PM synchronous generators above 500KW for use in wind operated electricity operators	5%	5% (up to 31.03.2025)
11.	559	Raw material and parts (including Dredger) for use in the manufacture of ships/vessels	Nil	Nil (up to 31.03.2025)
12.	166	Specified Drugs, medicines, diagnostics kits or equipment, bulk drugs used in manufacture of drugs or medicines	5%	5% (up to 31.03.2025)
13.	167	Lifesaving drugs/ medicines and diagnostic test kits, bulk drugs used in manufacture of life-saving drugs or medicines	Nil	Nil (up to 31.03.2025)

REVIEW OF CUSTOMS DUTY CONCESSIONS/ EXEMPTIONS

Review of conditional exemption rates of BCD prescribed in notification No. 50/2017 – customs dated 30.6.2017:

BCD exemption for the goods covered under following serial numbers of the notification are being extended for a period of one year i.e., up to **March 31, 2024**, unless specified otherwise.

Note: Description of entries indicative and Notification may be referred for complete description.

S. No.	S. No of Notification 50/ 2017	Description
EXTENSION UP TO 31. 03. 2024		
1.	90	Lactose for use in the manufacture of homeopathic medicine
2.	133	Gold ores and concentrates for use in manufacture of Gold
3.	139	Specified bunker Fuel for use in ships or vessels
4.	150	Goods of Heading 2710 or 271490 for manufacture of Fertilizers
5.	155	Excess Liquefied petroleum gases (LPG) returned by DTA unit to SEZ unit
6.	164	Electrical energy supplied to DTA by power plants of 1000MW or above
7.	165	Electrical energy supplied to DTA by power plant less than 1000MW
8.	183	Medical use fission Molybdenum-99 (Mo-99) for use in manufacture of radio pharmaceutical
9.	184	Pharmaceutical Reference Standard
10.	188	Specified goods for manufacture of ELISA Kits
11.	204	Anthraquinone or 2-Ethyl Anthraquinone, for use in manufacture of Hydrogen Peroxide
12.	212A	Medicines/drugs/vaccines supplied free by United Nations International Children's Emergency Fund (UNICEF), Red Cross or an International Organization
13.	213	Drugs and materials

14.	238	Organic or inorganic coating material for manufacture of electrical steel
15.	253	Goods for manufacture of Brushless Direct Current (BLDC) motors
16.	254	Catalyst for manufacture of cast components of Wind Operated Electricity Generator
17.	255	Resin for manufacture of cast components of Wind Operated Electricity Generator
18.	258	Security fibre, security threads, Paper based taggant including M-feature for manufacture of security paper by Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt Ltd, Mysore.
19.	259	Raw materials for manufacture of security fibre and security thread for supply to Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt. Ltd, Mysore for use in manufacture of security paper
20.	260	Goods for the manufacture of orthopaedic implants falling under 902110
21.	261	Alatheon and copper wire
22.	269	Super absorbent polymer for manufacture adult diapers, tampons, sanitary pads etc. (9619)
23.	271	Polytetramethylene ether glycol, (PT MEG) for use in manufacture of spandex yarn
24.	276	Ethylene - propylene - non-conjugated diene rubber (EPDM) for manufacture of insulated wires and cables
25.	277A	Calendared plastic sheet for manufacturing of Smart Card (8523)
26.	279	Pneumatic tyres of rubber for MRO of aircraft used in scheduled air service
27.	280	Pneumatic tyres of rubber for MRO of aircraft used by training, aeroclub etc.
28.	333	Moulds, tools and dies for manufacture of parts of electronic components/equipment
29.	334	Graphite Felt or graphite pack for growing silicon ingots; Thin steel wire used in wire saw for slicing of silicon wafers

30.	339	Toughened glass for solar thermal collectors or heaters
31.	353	Foreign currency coins when imported into India by a Scheduled Bank
32.	364A	Spent catalyst or ash containing precious metals
33.	378	Metal parts for manufacture of electrical insulators falling under heading 8546
34.	379	Pipes and tubes for use in manufacture of boilers
35.	380	Forged steel rings for manufacture of special bearings for use in wind operated electricity generator
36.	381	Flat copper wire for use in the manufacture of photo voltaic ribbon for solar cell/modules
37.	387	Zinc metal recovered by toll smelting or toll processing from zinc concentrates exported from India for such processes
38.	392	Dies for drawing metal, when imported after repairs in exchange of similar worn out dies exported out for repairs
39.	415	Parts/inputs for manufacture of catalytic convertors or its parts
40.	415A	Platinum or Palladium for manufacture of all goods including Noble Metal Compounds & Noble Metal Solutions falling under 2843 and goods of heading 381512
41.	416	Ceria zirconia compounds for use in the manufacture of wash coat for catalytic convertors
42.	417	Cerium compounds for use in the manufacture of wash coat for catalytic convertors
43.	418	Zeolite for use in the manufacture of wash coat for catalytic convertors
44.	419	Aluminum Oxide for use in the manufacture of wash coat for catalytic convertors
45.	420	Clay 2 Powder (Alumax) for use in ceramic substrate for catalytic convertors
46.	421	Goods required for basic telephone /internet service and their parts
47.	426	Specified goods for the manufacture of goods falling under 8523

		5200, 8541, 8542, 8543 9000 or 8548 00 00
48.	428	Specified goods imported by accredited press cameraman
49.	429	Specified goods, imported by accredited journalist
50.	435	Capital goods/ Machinery for printing industry
51.	441	Spinnerets made <i>inter alia</i> of Gold, Platinum and Rhodium or any one or more of these metals, when imported in exchange of worn out or damaged spinnerets exported out of India
52.	462	Ball screws for use in the manufacture of CNC Lathes, Machining Centres or all type of CNC machine tools falling under 8456 to 8463
53.	463	Linear Motion Guides for use in the manufacture of CNC Lathes, Machining Centres or all type of CNC machine tools falling under 8456 to 8463
54.	464	CNC Systems for use in the manufacture of CNC Lathes, Machining Centres or all type of CNC machine tools falling under 8456 to 8463
55.	467	Cash dispenser and parts thereof
56.	468	Micro ATM; fingerprint reader/scanner other than for use in manufacturing cellular mobile phones; miniaturized POS card reader for mPOS (other than Mobile phone or Tablet Computer); parts and components for manufacture of the above items
57.	471	All parts for use in the manufacture of LED lights or fixtures including LED lamps
58.	472	All inputs for use in the manufacture of LED driver or MCPCB for LED lights and fixtures or LED lamps
59.	475	Specified goods including scramblers, descramblers, encoders, jammers, network firewall, SMS monitoring system etc.
60.	476	Television equipment, cameras and other equipment for taking films, imported by a foreign film unit or television team
61.	477	Photographic, filming, sound recording and radio equipment, raw films, video tapes and sound recording tapes of foreign origin if imported into India after having been exported therefrom.
62.	478	The wireless apparatus, parts imported by a licensed amateur radio operator
63.	480	Goods imported for being tested in specified test centers

64.	482	Newspaper page, transmission and reception facsimile system or equipment; telephoto transmission and reception system or equipment
65.	489B	Specified goods for manufacturing of microphones
66.	495	Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles
67.	497	Active Energy Controller (AEC) for use in manufacture of Renewable Power System (RPS) inverters
68.	504	Parts and Components of Digital Still Image Video Cameras
69.	509	Parts, components and accessories for manufacture of Digital Video Recorder /Network Video Recorder (NVR) falling under 85219090 and sub-parts for manufacture of these items
70.	510	Parts, components and accessories for use in manufacture of reception apparatus for television and sub-parts for manufacture of these items
71.	511	Parts, components and accessories for manufacture of CCTV Camera /IP camera and sub-parts for manufacture of these items
72.	511	Specified Parts, components and subparts for use in manufacture of Lithium-ion battery and battery pack
73.	512A	Inputs ,parts or subparts for manufacture of PCBA of Lithium ion battery and battery pack
74.	515A	Open cell for use in manufacture of LCD and LED TV panels of heading 8524
75.	516	Specified goods for use in the manufacture of Liquid Crystal Display (LCD) and LED TV panel
76.	519	Raw materials or parts for use in manufacture of e-Readers
77.	523A	Parts, sub-parts, inputs or raw material for use in manufacture of Lithium ion cells
78.	527	Lithium ion cell used in manufacture of battery or battery pack of items other than cellular mobile phone, electrically operated vehicle or hybrid motor vehicle
79.	534	Parts of gliders or simulators of aircrafts (excluding rubber tyres and

		tubes of gliders)
80.	535	Raw materials for manufacture of aircraft (except unmanned aircraft used as television camera, digital camera or video camera recorder) or its parts
81.	535A	Components or parts of aircraft for manufacture of aircraft (except unmanned aircraft used as television camera, digital camera or video camera recorder) or for manufacture of parts of aircraft imported by PSUs under Ministry of Defence
82.	536	Parts, testing equipment, tools and tool-kits for maintenance, repair, and overhauling of aircraft (except unmanned aircraft used as television camera, digital camera or video camera recorder) or its parts
83.	537	All goods of Heading 8802 (except 88026000-spacecraft)
85.	539	(91) (a) Satellites and payloads; (b) Ground equipments brought for testing of (a)
86.	539A	Scientific and technical instruments, apparatus etc required for launch vehicles and satellites and payloads
87.	540	Specified goods under heading 8802 imported by scheduled air transporter
88.	542	Specified goods imported by Aero Club, Flying Training Institutes
89.	543	Specified goods imported by non-scheduled air transporter
90.	544	Parts (other than rubber tubes) of aircraft of heading 8802 for operating scheduled air transport/air cargo services
91.	546	Parts (other than rubber tubes) of aircraft of heading 8802 for non-scheduled passenger/charter services, aero club, training purpose etc.
92.	548	Barges or pontoons imported along with ships
93.	549	Capital goods and spares, raw materials, parts, material handling equipment and consumables for repairs of ocean-going vessels by a ship repair unit
94.	550	Spare parts and consumables for repairs of ocean-going vessels registered in India.
95.	551	Cruise ships, excursion ships (excluding vessels and floating

		structures imported for breaking up)
96.	553	Fishing vessels, Tugs and Pusher crafts, light vessels (excluding vessels and floating structures imported for breaking up)
97.	555	Vessels such as warships, lifeboats (excluding vessels and floating structures imported for breaking up)
98.	565	Specified goods for use in the manufacture of Flexible Medical Video Endoscope
99.	566	Polypropylene, Stainless-steel Strip and stainless-steel capillary tube for manufacture of syringes, needles, catheters and cannulae.
100.	567	Stainless steel tube and wire, cobalt chromium tube, Haynes alloy-25 and polypropylene mesh required for manufacture of coronary stents / coronary stent system and artificial heart valve
101.	568	Parts and components required for the manufacture of Blood Pressure Monitors and blood glucose monitoring system (Glucometers)
102.	569	Ostomy products, its accessories and parts required for manufacture of such medical equipment
103.	570	Medical and surgical instruments, apparatus and appliances including spare parts and accessories thereof
104.	575	Hospital Equipment (excluding consumables) for use in specified hospitals
105.	577	Lifesaving medical equipment including accessories or spare parts or both of such equipment for personal use
106.	578A	Raw materials, parts or accessories for manufacture of Cochlear Implants
107.	579	Survey (DGPS) instruments, 3D modelling software cum equipment for surveying and prospecting of minerals
108.	580	X-Ray Baggage Inspection Systems and parts thereof
109.	581	Portable X-ray machine / system
110.	583	Parts and cases of braille watches, for the manufacture of Braille watches
111.	593	Parts of video games for the manufacture of video games

112.	607	Specified Life Saving drugs/medicines including medicines for Spinal Muscular Atrophy or Duchenne Muscular Dystrophy, for personal use
113.	607A	Lifesaving drugs/medicines for personal use supplied free of cost by overseas supplier
114.	611	Archaeological specimens, photographs, plaster casts or antiquities for exhibition for public benefit in a museum managed by ASI or by State Govt.
115.	612	Specified raw material for sports goods

EXTENSION UP TO 31.03.2028

S. No.	S. No of Notification No. 50/ 2017	Subject
1.	609	Under bonafide personal and household effects of a deceased person

REVIEW OF EXEMPTIONS PRESCRIBED BY OTHER NOTIFICATIONS

EXTENSION UP TO 31.03.2024

S. No.	Notification No.	Subject
1.	16-Customs dated 23.1.65	Exemption to goods exported to foreign countries for display in show- rooms of Govt of India
2.	80/1970-Customs	Exemption to articles supplied free under warranty as replacement for defective ones
3.	46-Customs (1974)	Pedagogic material for educational or vocational training courses
4.	248/76-Customs	Exemption to precious stones imported by posts on 'approval or return' basis
5.	207/89-Customs	Exemption to foodstuff and provisions, imported by foreigners
6.	134/94-Customs	Exemption to goods for carrying out repairs, reconditions, testing calibration or maintenance
7.	147/94-Customs	Exemptions to firearms & ammunition by renowned shot

8.	148/94-Customs	Exemptions to specified free gifts, donations, relief and rehabilitation material imported by charitable trusts, Red Cross, CARE and Govt of India
9.	151/94-Customs	Exemption to aircraft equipment, tanks, fuel and lubricating oils by Indian Airlines, United Arab Airlines, Indian Air Force
10.	52/94-Customs	Exemption to imports for handicapped person, charitable or social welfare purposes and research and education programme
11.	153/94-Customs	Exemption to goods for foreign origin imported for repair and return
12.	39/96-Customs	Imports relating to defence, internal security forces& air forces
13.	50/96-Customs	Exemption to specified equipment, instruments, raw material etc. imported for R&D projects
14.	51/96-Customs	Exemption to research equipment by publicly funded and research institutions, Govt. Dept., laboratory, IIT etc
15.	25/98- Customs	Effective rate of duty for goods of Chapter 70,84,85 or 90
16.	97/99- Customs	Exemption to Gold bars under Gold Deposit Scheme of RBI
17.	113/2003 Customs	Exemption to castor oil cake and castor de-oiled cake manufactured from indigenous castor oil seeds on indigenous plant and machinery by unit in SEZ and brought to DTA
18.	30/2004- Customs	Exemptions to second-hand computers/accessories received as donation by schools, charitable institutions
19.	45/2005- Customs	Exemption from Special Additional duty of Customs to goods cleared from SEZ and brought to any other place in India
20.	81/2005- Customs	Exemption to machinery/components for initial setting up of non-conventional power generation plants
21.	102/2007- Customs	Exemption from Special CVD to all goods imported for subsequent sale when IGST, CGST, SGST or UTGST paid by importers.
22.	26/2011- Customs	Exemption to work of art, antiques in museum or art gallery imported for public exhibition
23.	23/2016- Customs	Effective rates for parts of aircraft imported under the Standard Exchange Scheme
24.	05/2017-	Exemption to machinery, components for setting up fuel cell-based

	Customs	power generation plant.
25.	16/2017- Customs	Exemption to specified drugs & medicines supplied free of cost to patients under Patient Assistance program of Pharma Companies
26.	29/2017- Customs	Exemption to specimen, models, wall pictures and diagrams for instructional purposes
27.	30/2017- Customs	Exemption to motion picture, music, gaming software for use in gaming console printed or recorded on media
28.	32/2017- Customs	Exemption to art work created abroad by Indian artist, sculptor, antiques books more than 100 years
29.	37/2017- Customs	Imports relating to defence & internal security forces
30.	49/2017- Customs	Exemption to special Additional Duty on specified goods of fourth schedule to Central Excise Act
31.	52/2017- Customs	Effective rate of Additional duty for goods under Chapter 27
EXTENSION UP TO 31.03.2028		
S. No.	Notification No.	Subject
1.	41/2017- Customs	Exemption to import of cups, trophies to be awarded to winning teams in international tournament /world cup to be held in India.
2.	33/2017- Customs	Exemption to import of challenge cups and trophies won by a unit of Defence Force or its members.
3.	146/94- Customs	Exemption to imports by specified sports goods imported by National Sports Federation or by a Sports person of outstanding eminence for training.
4.	90/2009- Customs	Exemption to imports from Antarctica of goods used for or related to Indian Antarctic Expedition or Indian Polar Science Programme.

OTHER NOTIFICATION CHANGES

S. No.	Notification No.	Subject
1.	Notification No. 22/2022- Customs, dated 30.04.2022	The India-UAE CEPA Tariff notification is being amended as a consequential change to rationalization of basic customs duty rate structure.
2.	Notification No. 57/2000- Customs, dated 08.05.2000	This notification relating to jewellery export promotion is being amended consequent to changes in import duty structure on Gold and increase in duty rate of Silver.
3.	Notification No. 146/94- Customs, dated 13.07.1994	Benefit of the existing exemption notification No. 146/94- Customs, dated 13.07.1994, is being extended w.e.f. 02.02.2023 to imports of 'Warm Blood horse' when imported by Sportsperson of eminence for training.

CUSTOMS DUTY EXEMPTIONS/ CONCESSIONS BEING DISCONTINUED

DISCONTINUANCE WITH EFFET FROM 31.03.2023		
S. No.	S. No. of Notification	Description
1.	S. No 16 of 50/2017- Customs	This exemption entry pertaining to 'Human Embryo' is being withdrawn as it is redundant on account of prohibition of import of Human Embryo under the Assisted Reproductive Technology (Regulation) Act, 2021 and The Surrogacy (Regulation) Act, 2021. [notification No. 22/2015-20 dated 20 th July, 2022 of DGFT refers]
2.	S. No 325 of 50/2017- Customs	This exemption entry pertaining to 'Monofilament Yarn' is being withdrawn as tariff rate is also at 5% and hence redundant.
3.	48/2017- Customs	Exemption to catering cabin equipment, food and drinks on re-importation by aircrafts of the <i>Indian Airlines Corporation</i> from foreign flights is being withdrawn.

SOCIAL WELFARE SURCHARGE (SWS)

AMENDMENT TO NOTIFICATION NO. 11/2018- CUSTOMS, DATED 02.02.2018 (w.e.f. 02.02.2023)

S. No	Description
Following goods are being exempted from levy of Social Welfare Surcharge in order to maintain the total effective duty owing to rationalization of basic customs duty rate structure:	
1.	Silver (HSN 7106), Gold (HSN 7108) & Imitation Jewellery (HSN 7117).
2.	Platinum (HSN 7110) other than rhodium and goods covered under S. Nos. 415(a) and 415A of the Table in notification No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the 30th June, 2017.
3.	All goods falling under HSN 7113, other than the goods covered under S. Nos. 356, 357 and 364C of the Table in notification No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the 30th June, 2017.
4.	All goods falling under HSN 7114, other than the goods covered under S. Nos. 356 and 357 of the Table in notification No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the 30th June, 2017.
5.	Bicycles (HSN 8712 00 10)
6.	Motor vehicle including electrically operated vehicles falling under HSN 8703 covered under S. No. 526 (1)(b), 526 (2)(b), 526A(1)(b) and 526A(2)(b) of the Table in Notification No. 50/2017-Customs dated the 30th June, 2017, published in the Gazette of India vide no G.S.R. 785(E) dated the 30th June, 2017
7.	Aeroplane and other aircrafts falling under tariff items 8802 2000, 8802 3000 and 8802 4000 covered under S. No. 543 A of the Table in Notification No. 50/2017-Customs dated the 30th June, 2017, published in the Gazette of India vide no G.S.R. 785(E) dated the 30th June, 2017.
8.	Toys and parts of toys (HSN 9503) other than goods covered under S. No. 591 of the Table in Notification No. 50/2017-Customs dated the 30th June, 2017.

RESCINDING OF NOTIFICATION RELATING TO SWS

1.	No. 13/2021-Customs, dated the 1 st February, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 71(E), dated the 1 st February, 2021
2.	No. 34/2022-Customs, dated the 30 th June, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 487(E), dated the 30 th June, 2022

AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS (AIDC)

NOTIFICATION NO. 11/2021 – CUSTOMS, DATED 01.02.2021 IS BEING AMENDED TO REVISE THE AIDC RATES ON THE FOLLOWING GOODS (W.E.F. 02.02.2023)

A. AIDC RATE CHANGES (WITH CHANGES TO THE EFFECTIVE RATE OF CUSTOM DUTY)

S.NO	CHAPTER, HEADING, SUBHEADING, TARIFF ITEM	COMMODITY	RATE OF DUTY FROM %	RATE OF DUTY TO %
1.	7106,98	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	2.5%	5%
2.	71	Silver Dore	2.5%	4.35%

B. CHANGES TO AIDC (WITHOUT ANY CHANGE TO THE EFFECTIVE RATE OF CUSTOM DUTY)

1.	2701, 2702, 2703	Coal, peat, lignite	1.5%	Nil
2.	40113000	New pneumatic tyres, of rubber, of a kind used on aircraft as mentioned in Entry 280 A of Notification No. 50/2017-Cus	Nil	0.5%
3.	7108 or 98	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	2.5%	5%
4.	71	Gold Dore	2.5%	4.35%
5.	7110	Platinum other than rhodium and goods covered under S. Nos. 415(a) and 415A of the Table in notification No. 50/2017- Customs, dated the 30th June, 2017.	1.5%	5.4%
6.	8802 20 00 8802 30 00 8802 40 00	Aero planes and other aircraft covered under S. No. 543A of Notification No. 50/2017-Cus	Nil	0.5%

AMENDMENTS TO THE CENTRAL EXCISE ACT, 1944

I. AMENDMENT TO SEVENTH SCHEDULE TO THE FINANCE ACT, 2001

The Seventh Schedule to the Finance Act, 2001 is being amended w.e.f. 02.02.2023* to revise the NCCD rates on specified cigarettes under HS 2402 as detailed below:[Clause 153 read with Sixth Schedule of the Finance Bill, 2023]

Tariff Item	Description	Unit	NCCD Rates (in Rupees per thousand) FROM	NCCD Rates (in Rupees per thousand) TO
(1)	(2)	(3)	(4)	(5)
2402 20 10	Other than filter cigarettes, of length not exceeding 65 millimetres	Tu	200	230
2402 20 20	Other than filter cigarettes, of length exceeding 65 millimetres but not exceeding 70 millimetres	Tu	250	290
2402 20 30	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) not exceeding 65 millimetres	Tu	440	510
2402 20 40	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 65 millimetres but not exceeding 70 millimetres	Tu	440	510
2402 20 50	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 70 millimetres but not exceeding 75 millimetres	Tu	545	630
2402 20 90	Other	Tu	735	850
2402 90 10	Cigarettes of tobacco substitutes	Tu	600	690

**II. NOTIFICATION NO. 05/ 2023- CENTRAL EXCISE DATED 01.02.2023 w.e.f. FEBRUARY
02,2023**

Notification No. 05/2023-Central Excise dated 01.02.2023 is being issued to exempt excise duty on blended Compressed Natural Gas (CNG) from so much of the amount as is equal to GST paid on biogas /compressed bio gas contained in such blended CNG subject to the specified conditions.

Disclaimer

The information which is summarized herein does not constitute a professional / legal advice. A detailed and thorough examination of the facts and circumstances of a particular situation are always needed for any legal opinion / advice.