

जी. डी. लोहानी  
संयुक्त सचिव (टीआरयू-1)

**G. D. LOHANI**  
Joint Secretary (TRU-I)



भारत सरकार  
GOVERNMENT OF INDIA  
वित्त मंत्रालय / राजस्व विभाग  
MINISTRY OF FINANCE / DEPARTMENT OF REVENUE  
केन्द्रीय अप्रत्यक्ष कर एवं सीमा शुल्क बोर्ड  
CENTRAL BOARD OF INDIRECT TAXES & CUSTOMS  
नॉर्थ ब्लॉक, नई दिल्ली-110001  
NORTH BLOCK, NEW DELHI-110001

D.O. F. No. 334/02/2020-TRU

New Delhi, the 1<sup>st</sup> February, 2021

Dear Principal Chief Commissioner/ Chief Commissioner/ Principal Director General/  
Director General,

The Finance Minister has introduced the Finance Bill, 2021 in Lok Sabha today, that is 1<sup>st</sup> February, 2021. Changes in Customs, Central Excise, GST law and rates have been proposed through the Finance Bill, 2021. To prescribe effectives rates of duty, following notifications are being issued:

	Notification Nos.	Date
Customs (Tariff)	02/2021-Customs to 15/2021-Customs	1 <sup>st</sup> February, 2021
Customs (Non-Tariff)	09/2021-Customs (N.T) to 12/2021-Customs (N.T)	1 <sup>st</sup> February, 2021
Customs (ADD)	05/2021-Customs (ADD) to 07/2021-Customs (ADD)	1 <sup>st</sup> February, 2021
Customs (CVD)	01/2021-Customs (CVD) to 02/2021-Customs (CVD)	1 <sup>st</sup> February, 2021

2. Unless otherwise stated, all changes in rates of duty take effect from the midnight of 1<sup>st</sup> February/2<sup>nd</sup> February, 2021. A declaration has been made under the Provisional Collection of Taxes Act, 1931 in respect of clauses 95 (i), 115 and 116 of the Finance Bill, 2021 so that changes proposed therein take effect from the midnight of 1<sup>st</sup> February/2<sup>nd</sup> February, 2021. The remaining legislative changes would come into effect only upon the enactment of the Finance Bill, 2021.

3. Important changes in respect of Customs and Central Excise duty (including cesses) are contained in the Annexure to this letter as detailed below.

- (i) **Customs duty rate changes:** The change in the rates of duty, SWS, tariff rates, omission of certain exemption and amendments in certain exemptions, conditions to exemptions are at **Annexure A.**
- (ii) **Central Excise Changes:** The changes in Central Excise Act and duty rates are at **Annexure B.**
- (iii) **Agriculture Infrastructure and development Cess (AIDC):** This new cess is being imposed on imports of certain items at specified rate. Simultaneously, basic customs duty is being reduced on the items being brought under new cess. This new cess is also being imposed as additional duty of excise on petrol and diesel. At the same time, Basis Excise

Duty and Special Additional Duty of Excise are being reduced. **The details are at Annexure C.**

**(iv) Legislative changes in the Customs Act, Customs Tariff Act and Rules made thereunder:**

- (a) Certain significant changes have been made in the Customs Act. Mostly, these are for enhanced trade facilitation. A definite period of two year, extendable by one year is being prescribed for completion of investigation. Also, it is being prescribed that conditional exemption shall validity of two years unless specifically provided otherwise, or varied or rescinded earlier (the notification would end on 31<sup>st</sup> March falling immediately after two years of issue of exemption). IGCR Rules have been amended to allow job work on imported goods and also to allow disposal of goods at payment of duty on depreciated value. A few changes are for improving compliance.
- (b) Certain changes have also been made in the Customs tariff Act and Rules made thereunder in the provisions relating to trade remedial measures (ADD/CVD and Safeguard Measures). Besides other changes, these changes introduce the provisions for anti-absorption investigation in ADD/CVD, bringing in uniformity in the provisions. Certain changes have also been made in the corresponding Rules. Also, first Schedule to the Customs Tariff Act has been proposed to be amended (w.e.f. 1.1.2022) to HS 2022 changes.

**[The details are at Annexure D]**

**(v) Legislative Changes in the GST Act:**

Certain changes have been in the CGST Act and the IGST Act on the basis of recommendations made by the GST Council. These changes will come into effect from the date to be notified. These changes include measures for facilitating taxpayers, such as removing the mandatory requirement of getting annual accounts audited and reconciliation statement, filing of the annual return on self-certification basis, etc. Changes have also been proposed for improving compliance, such as availing the input tax credit only if the details have been furnished by the supplier in the statement of outward supplies. Certain changes relate to provisions concerning seizure and confiscation, filing of appeal only on payment of a sum equal to twenty-five per cent. of penalty imposed

**[ The details are at Annexure E]**

4. This letter only summarizes the key highlights of the budgetary changes. It should not be used in any quasi-judicial or judicial proceedings. The relevant legal texts contained in the Finance Bill and notifications alone have legal force. We have taken every possible care in making the changes error free. However, inadvertent errors cannot be ruled out given the scale of the exercise. I shall be grateful if the provisions of the Finance Bill and notifications are studied carefully and feedback is provided urgently, including the issues that may need clarification.

5. It is requested that all possible efforts may be made to guide the taxpayers by holding interactive sessions/seminars for their benefit. In case of any doubt or difficulty, I would request you to kindly bring it to my notice immediately at [js-tru01@gov.in](mailto:js-tru01@gov.in) or to the notice of

Shri Gaurav Singh, Deputy Secretary (TRU) (Tel: 011-23092753, email: [gaurav.singh80@nic.in](mailto:gaurav.singh80@nic.in)), Sh. J. S. Kandhari, Deputy Secretary (TRU) (Tel: 011-23095526, email: [js.kandhari@nic.in](mailto:js.kandhari@nic.in)) or Sh. Abhishek Verma, Budget Officer (TRU) (Tel: 011-23095547, email: [abhishek.v85@nic.in](mailto:abhishek.v85@nic.in)) We can also be reached at [budget-cbec@nic.in](mailto:budget-cbec@nic.in).

6. Copies of Finance Bill, 2021, Finance Minister's Budget Speech, Explanatory Memorandum to the Bill and relevant notifications can be downloaded directly from [www.indiabudget.gov.in](http://www.indiabudget.gov.in) as well as [www.cbic.gov.in](http://www.cbic.gov.in).

7. To conclude, my team and I would like to express our gratitude to you for the valuable suggestions, feedback and support and would look forward to your comments/suggestions.

With warm regards,

Yours sincerely,



(G. D. Lohani)

Joint Secretary (TRU-I)

Enclosed as above

To,

All Principal Chief Commissioners/ Principal Directors General  
All Chief Commissioners/ Directors General  
All Principal Commissioners,  
All Commissioners,  
Director DPPR/Logistics/Legal Affairs/Data Management

**CUSTOMS**

**Note:**

- (a) “Basic Customs Duty” (BCD) means Customs duty levied under the Customs Act, 1962
- (b) Clause 95 (i) of the Finance Bill, 2021 seeks to amend the First Schedule to the Customs Tariff Act, 1975 so as to increase the tariff rate of Basic Customs duty on certain goods.
- (c) Agriculture Infrastructure and Development Cess (AIDC) means duty of Customs imposed vide Clause 115 of the Finance Bill, 2021.

**I. Changes in BCD rate**

**Chapter 1-6: No Change**

**Chapter 7**

(1) A technical change has been made in the S. No. 20 of notification No. 50/2017-Customs to specifically elaborate in the exclusion the description of various chickpeas (i.e. Chickpeas, Kabuli Chana and Bengal Gram). [S. No. 1 of notification No. 2/2021-Customs, dated 1<sup>st</sup> Feb, 2021 refers]

(2) S. No. 20A, 21A, 21B, 21C, 21D of notification No. 50/2017-Customs are being amended. AIDC is being imposed on peas, falling under subheading 0713 10, Kabuli Chana falling under tariff item 0713 20 10, Bengal Gram falling under tariff item 0713 20 20, Chickpeas falling under tariff item 0713 20 90 and Lentils (Mosur) falling under tariff item 0713 40 00. Simultaneously, BCD on these items have been reduced. For the revised rates, refer to the Table in Annexure-C. [S. No. 2 of notification No. 02/2021-Customs dated 1<sup>st</sup> February, 2021 refers]

(3) S. No. 21E of notification No. 50/2017-Customs is redundant. Hence it is being omitted along with clause (e) of first proviso of the notification. [S. No. 3 of notification No. 2/2021-Customs, dated 1<sup>st</sup> February, 2021 refers]

**Chapter 8**

(1) S. No. 32A, 32B of notification No. 50/2017-Customs are being amended. AIDC is being imposed on Apples, falling under tariff item 0808 10 00. Simultaneously, BCD on this

item has been reduced. For the revised rates, refer to the Table in Annexure-C. [S. Nos. 4, 5 of notification No. 02/2021-Customs dated 1<sup>st</sup> February, 2021 refers]

### **Chapter 9-11: No Change**

### **Chapter 12**

(1) S. No. 44 of notification No. 50/2017-Customs is redundant. Hence, it is being omitted along with clause (b) of first proviso of the notification [S. No. 6 of notification No. 2/2021-Customs dated 1<sup>st</sup> February, 2021 refers]

### **Chapter 13-14: No Change**

### **Chapter 15**

(1) S. Nos. 57, 61, 70 of notification No. 50/2017-Customs are being amended. AIDC is being imposed on Crude Soya-bean Oil, falling under tariff heading 1507 10 00, Crude Palm Oil, falling under tariff heading 1511 10 00 and Crude Sunflower Seed Oil, falling under tariff heading 1512 11 10. Simultaneously, BCD on these items has been reduced. For the revised rates, refer to the Table in Annexure-C. [S. No. 7 of notification No. 02/2021-Customs dated 1<sup>st</sup> February, 2021 refers]

### **Chapter 16-21: No Change**

### **Chapter 22**

(1) New S. Nos. 104A of notification No. 50/2017-Customs is being created. AIDC is being imposed on alcoholic beverages and spirits, falling under tariff headings 2204, 2205, 2206 and 2208. Simultaneously, BCD on these items has been reduced. For the revised rates, refer to the Table in Annexure-C. [S. No. 8 of notification No. 02/2021-Customs dated 1<sup>st</sup> February, 2021 refers]

(2) S. No. 107 of notification No. 50/2017-Customs is being omitted. Consequently, with omission of this end use exemption, all Denatured ethyl alcohol (ethanol) falling under tariff item 2207 20 00 will now attract 5% BCD. [S. No. 9 of notification No. 2/2021-Customs dated 1<sup>st</sup> February, 2021 refers]

## Chapter 23

(1) Duty rate structure on tariff items under chapter 23 is being rationalized and simplified. The goods falling under this chapter shall attract BCD as follows: -

HSN	Description	Rate
2309 10 00	Dog and Cat food	20%
2309 90	Shrimp Larvae Feed	5%
Chapter 23	All other goods	15%

[S. Nos. 9, 10, 11, V of notification No. 2/2021-Customs, dated 1<sup>st</sup> February, 2021 refers].

## Chapter 24: No change

## Chapter 25

(1) A technical change has been made in the S. No. 175 of notification No. 50/2017-Customs, to restrict the exemption to the specific heading 2501 instead of “Any Chapter”. [S. No. 16 of notification No. 02/2021-Customs dated 1<sup>st</sup> February, 2021 refers]

(2) Social Welfare Surcharge is being exempted on Marble and travertine, Crude or roughly trimmed (tariff item 2515 11 00) and on Marble and travertine Blocks (tariff item 2515 12 10) [notification No. 14/2021-Customs, dated 1<sup>st</sup> February, 2021 refers].

(3) S. No. 130 of notification No. 50/2017-Customs is being amended to prescribe BCD rate of 2.5% on all goods under CTH 2528. As a result, boron ore and concentrate would uniformly attract BCD at a uniform rate of 2.5% [S. No. 12 of notification No. 02/2021-Customs dated 1<sup>st</sup> February, 2021 refers]

(4) S. No. 131 of notification No. 50/2017-Customs is being omitted as it is redundant. Acid grade fluorspar would continue to attract BCD rate of 5% vide S. No. 120 of the said notification. [S. No. 13 of notification No. 02/2021-Customs dated 1<sup>st</sup> February, 2021 refers]

## Chapter 26: No change

## Chapter 27

(1) S. No. 140 and 141 of notification No. 50/2017-Customs are being merged into one entry. Consequently S. No. 140 is being omitted. AIDC is being imposed on Coal, Lignite and

Peat falling under tariff headings 2701, 2702 and 2703 respectively. Simultaneously, BCD on these items have been reduced. For the revised rates, refer to the Table in Annexure-C. [S. Nos. 13 and 14 of notification No. 02/2021-Customs dated 1st February, 2021 refers]

(2) S. No. 147A of notification No. 50/2017-Customs is being amended to decrease BCD on Naphtha from 4% to 2.5%. [S. No. 15 of notification No. 02/2021-Customs dated 1st February, 2021 refers]

## **Chapter 28**

(1) BCD on Carbon blacks (Tariff item 2803 00 10) is being increased from 5% to 7.5%, by increasing the tariff rate [Clause 95 (i) of the Finance Bill, 2021 refers]. By virtue of the declaration under Provisional Collection of Taxes Act, 1931, this increase will come into force with immediate effect.

## **Chapter 29**

(1) S. No. 202 and 203 of notification No. 50/2017-Customs are being omitted. Consequently, Bis-phenol A and Epichlorohydrin will now attract 7.5% BCD *vide* S. No. 185 of the said notification. [S. No. 17 of notification No. 2/2021-Customs dated 1st February, 2021 refers]

(2) S. No. 209 of notification No. 50/2017-Customs is being omitted. Consequently, with omission of the end use exemption, all Diphenylmethane 4,4-diisocyanate (MDI) will now attract 7.5% BCD *vide* S. No. 185 of the said notification. [S. No. 17 of notification No. 2/2021-Customs dated 1st February, 2021 refers]

(3) BCD on Caprolactam is being reduced from 7.5% to 5% by amending the entry at S. No. 210 of notification No. 50/2017-Customs. [S. No. 18 of notification No. 2/2021-Customs dated 1st February, 2021 refers]

## **Chapter 30: No change**

## **Chapter 31**

(1) AIDC is being imposed on fertilizers namely Urea, Ammonium Nitrate, Muriate of Potash and Diammonium Phosphate falling under tariff items 3102 10 00, 3102 30 00, Chapter 31 and 3105 30 00 respectively. Simultaneously, BCD on these items have been reduced. For

the revised rates, refer to the Table in Annexure-C. [S. Nos. 19, 20 and 21 of notification No. 02/2021-Customs dated 1st February, 2021 refers]

### **Chapter 32-38: No change**

### **Chapter 39**

(1) BCD on all goods falling under tariff heading 3925 (Builder's ware of plastics, not elsewhere specified or included) is being increased from 10% to 15% by increasing the tariff rate [Clause 95 (i) of the Finance Bill, 2021 refers]. By virtue of declaration under the Provisional Collection of Taxes Act, 1931, this increase will come into force with immediate effect.

(2) The entry at S. No. 257 of notification No. 50/2017-Customs dated 30<sup>th</sup> June, 2017 (import of certain items by a bonafide exporter) is being modified to increase the scope of this exemption. A new condition No. 108 is being prescribed for this entry. Simultaneously, notification No. 34/2017-Customs, being in overlap with said S. No. 257, is being rescinded. [S. No. 26 of notification No. 02/2021-Customs dated 1st February, 2021 and notification No. 07/2021-Customs dated 1st February, 2021 refer]

(3) S. No. 272 of notification No. 50/2017-Customs is being omitted. Consequently, Polycarbonates will now attract 7.5% BCD *vide* S. No. 262 of the said notification refers. [S. No. 27 of notification No. 02/2021-Customs dated 1st February, 2021 refers]

(4) BCD on Nylon chips is being reduced from 7.5% to 5% by amending the entry at S. No. 273 of notification No. 50/2017-Customs dated 30<sup>th</sup> June, 2017. [S. No. 28 of notification No. 02/2021-Customs dated 1st February, 2021 refers]

(5) S. No. 10 of notification No. 57/2017-Customs is being omitted. This entry provided effective BCD rate of 10% on items of plastics falling under tariff item 3920 99 99 except specified parts of cellular mobile phones like back cover, battery cover etc. The specified parts of mobile under the said tariff item were attracting 15% BCD by tariff. Consequently, with this omission, these goods will now attract 15% BCD. [S. No. (viii) of the notification No. 03/2021-Customs dated 1st February, 2021 refers].



## **Chapter 40**

(1) An explanation is being added to S. No. 284 of notification No. 50/2017-Customs so as to explicitly clarify that the said exemption entry does not include ‘toy balloons made of natural rubber latex’. Toy balloons are classified under customs tariff heading 9503 and attract a basic customs duty of 60%. [S. No. 29 of notification No. 2/2021-Customs, dated 1st February, 2021 refers]

## **Chapter 41**

(1) S. No. 285 of notification No. 50/2017-Customs is being omitted. Consequently, with omission of the said exemption, ‘wet blue chrome tanned leather, crust leather, finished leather of all kinds, including splits and sides of the aforesaid’ falling under Chapter 41 will now attract 10% BCD. [S. No. 30 of notification No. 2/2021-Customs, dated 1st February, 2021 refers]

## **Chapter 42-47: No change**

## **Chapter 48**

(1) Entry at S. No. 293A and S. No. 293B of notification No. 50/2017-Customs are being merged. These entries provide concessional rate to Newsprint and other uncoated paper. The merged entry is for providing clarity to the scope of this exemption that exemption is available to newsprint and other uncoated paper conforming to the specifications of newsprint (other than its surface roughness). Consequently S. No. 293 B has been omitted. [S. No. 32 & 33 of notification No. 2/2021-Customs, dated 1st February, 2021 refers]

## **Chapter 49: No change**

## **Chapter 50**

(1) BCD on Raw Silk (not thrown) falling under CTH 5002 is being increased from 10% to 15%. This change is being given effect to by omitting S. No. 305 of notification No. 50/2017-Customs and simultaneously amending S. No. 1 of notification No. 82/2017-Customs. [S. No. 33 of notification No. 02/2021-Customs, dated 1st February, 2021 and S. No. (i) of notification No. 15/2021-Customs, dated 1st February, 2021 refers]

(2) BCD on Silk Yarn falling under CTH 5004, 5005, 5006 is being increased from 10% to 15% by amending S. No. 2 of notification No. 82/2017-Customs [S. No (ii) of notification No. 15/2021-Customs, dated 1st February, 2021 refers]

#### **Chapter 51: No Change**

#### **Chapter 52**

(1) S. No. 314 of notification No. 50/2017-Customs is being amended. Consequently, BCD on Cotton, not carded or combed falling under CTH 5201 is being increased from nil to 5%. [S. No 35 of notification No. 02/2021-Customs, dated 1st February, 2021 refers]. Raw cotton shall also attract AIDC at the rate of 5%. [notification No. 11/2021-Customs, dated 1<sup>st</sup> February, 2021 refers]

(2) BCD on Cotton Waste falling under CTH 5202 is being increased from Nil to 10%. For making this change, S. No. 315 of notification No. 50/2017-Customs is being omitted and S. No. 5 of notification No. 82/2017-Customs is being amended [S. No. 36 of notification No. 02/2021-Customs, dated 1st February, 2021 and S. No. (iii) of notification No. 15/2021-Customs, dated 1st February, 2021 refers]

#### **Chapter 53: No change**

#### **Chapter 54 and 55**

(1) The BCD on Nylon fibre and yarn is being reduced from 7.5% to 5%. To give effect to this change S. Nos. 318 and 321 notification No. 50/2017-Customs is being amended and S. No. 319 and 322 of notification No. 50/2017-Customs is being omitted. Consequently, BCD on all goods falling under CTH 5402 to 5406 and CTH 5501 to 5510 would be uniform 5%. [S. No 37 & 38 of notification No. 02/2021-Customs, dated 1st February, 2021 refers]

#### **Chapter 56-69: No Change**

#### **Chapter 70**

(1) Tariff rate on all goods falling under heading 7007 is being increased from 10% to 15% [Clause 95 (i) of the Finance Bill, 2021 refers]. By virtue of declaration under the Provisional Collection of Taxes Act, 1931, this increase will come into force from 02.02.2021.

(2) BCD on all goods under heading 7007, other than those used in motor vehicles, is being retained at 10% [S. No. 42 of notification No. 2/2021-Customs dated 02.02.2021 refers].

Consequently, goods falling under heading 7007 when used for motor vehicles will attract the tariff rate of 15%.

## **Chapter 71**

(1) Tariff rate on all goods falling under tariff item 7104 90 90 (cut and polished synthetic stones) is being increased from 10% to 15%. [Clause 95 (i) of the Finance Bill, 2021 refers]. By virtue of declaration under the Provisional Collection of Taxes Act, 1931, this increase will come into force with immediate effect].

(2) S. No. 349 of notification No. 50/2017-Customs is being amended to exclude cut and polished synthetic stones from the said entry. Consequently, cut and polished synthetic stones falling under tariff item 7104 90 90 will now attract 15% BCD. [S. Nos. 43 of notification No. 2/2021-Customs dated 1st February, 2021 refers].

(3) S. No. 362 of notification No. 50/2017-Customs is being omitted to increase BCD rate on cut and polished cubic zirconia from 7.5% to 15%, at par with other cut and polished synthetic stones. [S. Nos. 49 of notification No. 2/2021-Customs dated 1st February, 2021 refers].

(4) On Silver, including Silver Dore falling under tariff heading 7106 and Gold, including Gold Dore falling under tariff heading 7108, AIDC is being imposed. Simultaneously, BCD on these goods have been reduced. For the revised rates, refer to the Table in Annexure C. [S. Nos. 44, 45, 46, 47, 48 of notification No. 2/2021-Customs dated 1st February, 2021 refers].

(5) Gold, including Gold Dore and Silver and Silver Dore will now attract SWS at 10% of BCD payable. [Notification No. 12/2021-Customs dated 1st February, 2021 refers].

(6) SWS on value representing Agriculture Infrastructure and Development Cess [AIDC] on Gold, including Gold Dore and Silver, including Silver Dore is being exempted. [Notification No. 13/2021-Customs, dated 1st February, 2021 refers]

(7) S. No. 364A is being amended in notification No. 50/2017-Customs to reduce the BCD rate on Spent catalyst or ash containing precious metals from 11.85% to 9.17%. [S. No. 50 notification No. 2/2021-Customs dated 1st February, 2021 refers].

(8) S. No. 364B is being inserted in notification No. 50/2017-Customs to reduce the BCD rate on all goods falling under tariff items 7107 00 00, 7109 00 00 and 7111 00 00 and tariff

headings 7110, 7112 and 7118 from 12.5% to 10%. [S. Nos. 51 of notification No. 2/2021-Customs dated 1st February, 2021 refers].

(9) S. No. 364C is being inserted in notification No. 50/2017-Customs to reduce the BCD rate on Gold or Silver findings from 20% to 10%. [S. No. 51 notification No. 2/2021-Customs dated 1st February, 2021 refers].

## Chapter 72

(1) Duty rate structure on tariff items under chapter 72 is being reduced and rationalized. In the following manner: -

HSN	Description	Rate	S. No. of Notfn. No. 02/2021 – Customs, dated 1st February, 2021
7204	Scrap of iron or steel including stainless steel and alloy steel	Nil (up to 31.03.2022)	54
7206, 7207	Primary/Semi-finished products of iron or non-alloy steel	7.5%	62
7208, 7209, 7210, 7211, 7212, 7225 (except 7225 11 00), 7226 (except 7226 11 00)	Flat Products of iron or non-alloy steel and alloy steel	7.5%	62
7213, 7214, 7215, 7216, 7217, 7221, 7222, 7223, 7227, 7228	Long Products of iron or non-alloy steel, stainless steel and alloy steel	7.5%	62
7225	Specified inputs for manufacturing CRGO steel mentioned against S. Nos. 374 and 375 of notification No.	Nil (subject to end use condition)	59 and 60

	50/2017 – Customs dated 30.06.2017	and up to 31.03.2023)	
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(2) The following notifications imposing anti-dumping duty or countervailing duty on certain products of steel are being temporarily revoked for the period 02.02.2021 to 30.09.2021:

S. No.	Notification No.	Product/	Exporting Country
1	54/2018- Cus (ADD) dated 18.10.2018	Straight length Bars and Rod of alloy Steel	China PR,
2	38/2019-Cus (ADD) dated 25.09.2019	High Speed Steel of Non Cobalt Grade	China PR, Brazil, Germany,
3	16/2020 – Cus (ADD) dated 23.06.2020	Flat rolled prdcts of steel, (Al or Zinc coated)	China PR, Vietnam, and Korea RP,
4	1/2017-Cus (CVD) dated 07.09.2017	Hot rolled and cold rolled stainless steel flat products	China PR

[Notification Nos. 05/2021-Customs (ADD), 06/2021-Customs (ADD), 07/2021-Customs (ADD), and 02/2021- Customs (CVD), all dated 1<sup>st</sup> February, 2021 refers]

(3) Provisional countervailing duty imposed *vide* notification No. 02/2020-Cus(CVD) dated 09.10.2020 on Flat rolled products of stainless steel originating in or exported from Indonesia, is being revoked. [Notification No. 01/2021-Customs (CVD), dated 1<sup>st</sup> February, 2021 refers]

(4) In Sunset Review, anti-dumping duty on Cold-Rolled Flat Products of Stainless Steel of width 600mm to 1250mm and above 1250mm of non-bonafide usage originating in or exported from People's Republic of China, Republic of Korea, European Union, South Africa, Taiwan, Thailand and United States of America is being discontinued upon expiry of the anti-dumping duty hitherto leviable *vide* notifications No. 61/2015 – Customs (ADD) dated 11<sup>th</sup> December, 2015 and 52/2017 – Customs (ADD) dated 24<sup>th</sup> October, 2017.

### Chapter 73

(1) BCD on Screws, bolts, nuts etc. under heading 7318 is being increased to 15% by amending Sl. Nos. 377 and 377A of notification No. 50/2017 – Customs. [S. Nos. 63 and 64 of notification No. 02/2021-Customs, dated 1<sup>st</sup> February, 2021 refers].

## **Chapter 74**

(1) BCD on copper waste and scrap under heading 7404 is being reduced to 2.5% by amending Sl. No. 382 of notification No. 50/2017 – Customs. [S. No. 66 of notification No. 02/2021-Customs, dated 1<sup>st</sup> February, 2021 refers].

## **Chapter 75-83: No Change**

## **Chapter 84**

(1) BCD exemption on ‘tunnel boring machines (TBMs)’ (heading 8430) has been withdrawn. Consequently, it will now attract BCD of 7.5 %. Also, ‘parts & components for manufacture of TBMs’ falling under heading 8431 will now attract 2.5% BCD with actual-user conditions. S. No. 446 of notification No. 50/2017-Customs has been amended accordingly [S. No. 74 of notification No. 02/2021-Customs, dated 1<sup>st</sup> February, 2021 refers].

(2) Tariff rate on all goods falling under sub-heading 8414 40 and 8414 80 is being increased to 15% [Clause 95 (i) of the Finance Bill, 2021 refers]. However, the effective BCD on all goods under these sub-headings, except for tariff item 8414 80 11, is being retained at 7.5% [S. No. 75 of notification No. 02/2021 – Customs dated 1<sup>st</sup> February, 2021 refers].

(3) BCD on compressors of Refrigerators falling under tariff item 8414 30 00 and compressors of Air Conditioners falling under tariff item 8414 80 11, is being increased from 12.5% to 15% by increasing the tariff rate. [Clause 95 (i) of the Finance Bill, 2021 refers]. By virtue of declaration under the Provisional Collection of Taxes Act, 1931, this increase will come into force with immediate effect.

## **Chapter 85**

(1) Tariff rate on all goods falling under sub-heading 8501 10 to 8501 53 is being increased from 10% to 15% [Clause 95 (i) of the Finance Bill, 2021 refers]. By virtue of declaration under the Provisional Collection of Taxes Act, 1931, this increase will come into force from 02.02.2021. However, the effective BCD on all goods under these sub-headings (8501 10 to 8501 53), is being retained at 10% [S. No. 77 of notification No. 2/2021 – Customs dated 1<sup>st</sup> February, 2021 refers]. Consequently, goods falling under sub-headings 8501 10 to 8501 53 will attract the effective BCD rate of 10%.

(2) Basic customs duty on Solar Inverters (sub-heading 8504 40) is being raised to 20%. For this purpose, S. No. 13 of the notification No. 57/2017-Customs is being amended.

Simultaneously, notification No. 1/2011-Customs, dated 6<sup>th</sup> January, 2011 is being rescinded. [S. No. (ix) of the notification No. 03/2021-Customs dated 1st February, 2021 and, notification No. 07/2021-Customs, dated 1st February, 2021 refer].

(3) Notification No. 1/2011-Customs, dated 6<sup>th</sup> January, 2011 is being rescinded. Consequently, all items of machinery, including prime movers, instruments, apparatus and appliances, control gear and transmission equipment and auxiliary equipment (including those required for testing and quality control) and components, required for the initial setting up of a solar power generation project or facility will attract applicable BCD. [Notification No. 07/2021-Customs, dated 1st February, 2021 refers].

(4) BCD on parts of all goods under tariff item 8512 90 00 (parts of electrical lighting or signaling equipment, windscreen wipers, defrosters and demisters, of a kind used for motor vehicles) is being increased from 10% to 15% by increasing the tariff rate [Clause 95 (i) of the Finance Bill, 2021 refers. By virtue of declaration under the Provisional Collection of Taxes Act, 1931, this increase will come into force from 02.02.2021.

(5) Tariff rate on all goods falling under tariff items 8536 41 00 and 8536 49 00 is being increased from 10% to 15% [Clause 95 (i) of the Finance Bill, 2021 refers]. By virtue of declaration under the Provisional Collection of Taxes Act, 1931, this increase will come into force from 02.02.2021. However, the effective BCD on all goods under tariff items 8536 41 00 and 8536 49 00 is being retained at 10% [S. No. 83 of notification No. 02/2021 – Customs dated 1<sup>st</sup> February, 2021 refers]. Consequently, goods falling under sub-headings 8501 10 to 8501 53 will attract the effective BCD rate of 10%.

(6) S. Nos. 471 and 472 of notification No. 50/2017- Customs, dated 30<sup>th</sup> June, 2017 are being amended. Consequently, all parts for use in the manufacture of LED lights, fixtures including LED lamps, LED drivers and MCPCB of LED lights, will attract 10% BCD. [S. No. 76 of the notification No. 02/2021-Customs dated 1st February, 2021 refers].

(7) S. No. 491 of notification No. 50/2017-Customs is being amended. Consequently, all goods falling under heading 8544 (except USB Cable and goods falling under tariff item 8544 30 00 and sub-heading 8544 70) will attract 10% BCD. [S. No. 78 of notification No. 02/2021-Customs dated 1<sup>st</sup> February, 2021 refers].

(8) BCD on Ignition wiring sets and other wiring sets of a kind used in vehicles falling under tariff item 8544 30 00 is being increased from 10% to 15% by increasing the tariff rate

on all goods falling under this tariff item [Clause 95 (i) of the Finance Bill, 2021 refers. By virtue of declaration under the Provisional Collection of Taxes Act, 1931, this increase will come into force from 02.02.2021. [S. No. 78 of notification No. 2/2021-Customs, dated 1<sup>st</sup> February, 2021 also refers].

(9) BCD on inputs, parts, sub-parts and raw materials of following specified parts of cellular mobile phone, is being increased as detailed below: -

S. No. of notification No. 57/2017-Customs	Description	From	To	Effective date
6A	Printed circuit board assembly (PCBA)	Nil	2.5%	1.4.2021
6B	Camera Module	Nil	2.5%	1.4.2021
6C	Connectors	Nil	2.5%	1.4.2021
7	Items mentioned against the said entry such as wired headset, USB Cable, microphone and receiver, etc	Nil	2.5%	1.4.2021

[S. Nos. (i), (ii), (iii) and (iv) of the notification No. 03/2021-Customs dated 1<sup>st</sup> February, 2021 refers].

(10) S. No. 6A of the notification No. 57/2017-Customs is being amended to exclude “Metal Shield” from the scope of the said entry. Consequently, Metal Shield will now attract BCD as applicable. [S. No. (i) of the notification No. 03/2021-Customs dated 1<sup>st</sup> February, 2021 refers].

(11) S. No. 6B of the notification No. 57/2017-Customs is being amended to exclude “Camera Lens” from the scope of the said entry. Consequently, Camera Lens will now attract BCD as applicable. [S. No. (ii) of the notification No. 03/2021-Customs dated 1<sup>st</sup> February, 2021 refers].

(12) S. No. 7 of the notification No. 57/2017-Customs is being amended to exclude following goods from the scope of the entry, namely: -

*“(iv). Battery cover, (v) Front Cover, (vi) Front Cover (with Zinc Casting), (vii). Middle cover, (ix) Side Key, (xii) Screw, (xiii) Microphone rubber case, (xiv) Sensor rubber case/sealing gasket including sealing gaskets/cases from rubbers like SBR, EPDM, CR, CS, Silicon and all other individual rubbers or combination/combo of rubbers, (xv) PU case/ sealing gasket-*



*Other articles of polyurethane foam like sealing gaskets/case, (xvi) sealing gaskets/cases from PE, PP, EPS, PC and all other individual polymers or combination/combinations of polymers, (xvii) SIM sockets/Other Mechanical items (Metal), (xviii) SIM sockets/Other Mechanical items (Plastic), (xix) Back Cover, (xx) Conductive cloth, (xxi) Heat Dissipation sticker Battery cover, (xxii) Sticker battery slot, (xxiii) Protective Film for main lens, (xxv) LCD Conductive Foam, (xxvii) LCD Foam, (xxviii) BT Foam, (xxx) Key Pad”*

Consequently, inputs and raw-materials of above stated items shall attract the applicable BCD rate. [S.No. (iv) of the notification No. 03/2021-Customs dated 1st February, 2021 refers].

(13) S. No. 7A of notification No. 57/2017-Customs is being omitted. Consequently, inputs or raw materials [other than PCBA and Moulded Plastics] for use in the manufacture of charger or adapter of cellular mobile phone will now attract 10% BCD. [S.No. (v) of the notification No. 03/2021-Customs dated 1st February, 2021 refers].

(14) BCD on PCBA of charger or adapter, is being increased from 10% to 15% by increasing the tariff rate. [Clause 95 (i) of the Finance Bill, 2021 refers]. By virtue of declaration under the Provisional Collection of Taxes Act, 1931, this increase will come into force with immediate effect. All goods other than the PCBA and Moulded Plastic of charger or adapter, shall continue to attract 10% BCD *vide* S. No. 13A of the notification No. 57/2017-Customs, dated 30<sup>th</sup> June, 2017 as amended *vide* notification No. 03/2021-Customs, dated 1<sup>st</sup> February, 2021.

(15) S. No. 7B of notification No. 57/2017-Customs, dated 30<sup>th</sup> June, 2017, is being omitted. Consequently, Moulded Plastics of charger or adapter will now attract 15% BCD. [S. No. (v) of the notification No. 03/2021-Customs dated 1st February, 2021 refers].

(16) S.No. 7C of notification No. 57/2017-Customs is being omitted. Consequently, inputs or parts of PCBA and Moulded Plastic of charger or adapter of cellular mobile phone will now attract applicable BCD. [S .No. (v) of the notification No. 03/2021-Customs dated 1st February, 2021 refers].

(17) BCD on inputs or raw materials [other than Lithium-Ion Cell and PCBA] for use in manufacture of Lithium-ion battery and battery pack, is being increased from Nil to 2.5% with effect from 1.4.2021. [S. No. 80 of the notification No. 02/2021-Customs dated 1<sup>st</sup> February, 2021 and S. No. (v) of the notification No. 03/2021-Customs dated 1<sup>st</sup> February, 2021 refers].

(18) BCD on inputs, parts or sub-parts for use in manufacture of PCBA of Lithium-ion battery and battery pack, is being increased from Nil to 2.5% with effect from 1.4.2021. [S. No. 81 of the notification No. 02 /2021-Customs dated 1<sup>st</sup> February, 2021 and S. No. (vi) of the notification No. 03/2021-Customs dated 1<sup>st</sup> February, 2021 refers].

(19) BCD rate on Lithium-ion battery and battery pack, Lithium-ion cell, PCBA of Li-ion battery and parts thereof, is prescribed through various entries of notification No. 57/2017-Customs and notification No. 50/2017-Customs. All such entries are being consolidated in notification No. 50/2017-Customs, dated the 30<sup>th</sup> June, 2017 for ease of reference. [S. Nos. 84 and 85 of the notification No. 02 /2021-Customs dated 1<sup>st</sup> February, 2021 and S. No. (xi) of the notification No. 03/2021-Customs dated 1<sup>st</sup> February, 2021 refers].

(20) S. No. 8 of the notification No. 57/2017-Customs, dated the 30<sup>th</sup> June, 2017, is being amended to:-

- (i) omit Base stations (8517 61 00), all goods falling under tariff item 8517 62 90 and 8517 69 90 from the entry. Consequently, the inputs or raw materials of said items will attract BCD as applicable;
- (ii) increase BCD from Nil to 2.5% with effect from 1<sup>st</sup> April, 2021, on the inputs or raw materials of the goods mentioned against item nos. (i), (ii), (iii) and (iv) in column (3) of the said entry.

[S. No. (vii) of the notification No. 03/2021-Customs dated 1<sup>st</sup> February, 2021 refers].

(21) S. No. 20 of notification No. 57/2017-Customs, is being amended to clarify the scope of the item (h) under the said entry. Consequently, item (h), i.e. “Multiple Input/Multiple Output (MIMO) and Long Term Evolution (LTE) products” is being separately mentioned in two different items (h) Multiple Input/Multiple Output (MIMO) products and (i) Long Term Evolution (LTE) products. These amendments are only clarificatory in nature. These items continue to attract 20% BCD, as before. Consequential amendments are also being done in S. No. 22 of the notification No. 57/2017-Customs and S. No. 13S of the notification No. 24/2005-Customs, dated the 1<sup>st</sup> March, 2005. [S. Nos. (xii) and (xiii) of the notification No. 03/2021-Customs dated 1<sup>st</sup> February, 2021 and notification No. 05/2021-Customs dated 1<sup>st</sup> February, 2021 refers].

(22) S. No. 198 of the Notification No. 25/1999-Customs is being omitted. Consequently, specified parts like bobbins, wire etc. for manufacture of transformers, will now attract BCD as applicable. [notification No. 04/2021-Customs dated 1<sup>st</sup> February, 2021 refers].

### **Chapter 86: No Change**

### **Chapter 87**

(1) BCD on specified auto parts (other than Bicycle parts and components) is being increased from 10% to 15% by amending S. No. 532 of notification No. 50/2017 – Customs [ S. No. 86 of notification No. 02/2020 – Customs, dated 1<sup>st</sup> February, 2021]

### **Chapter 88**

(1) BCD on components or parts, including engines, of aircraft of heading 8802 imported for:

- (a) manufacture of such aircrafts;
- (b) manufacture of parts of such aircrafts

by Public Sector Units under Ministry of Defence, is being reduced to Nil (subject to specified conditions). [S. Nos. 88 of notification No. 02/2021-Customs, dated 1<sup>st</sup> February, 2021 refers].

### **Chapter 89: No Change**

### **Chapter 90**

(1) Notification No. 8/2020-Customs, dated 2<sup>nd</sup> February, 2020, is being amended to provide Health Cess exemption on medical devices imported by international/diplomatic organization. [notification No. 06/2021, dated 1<sup>st</sup> February, 2021 refers].

(2) Tariff rate on all goods falling under tariff item 9031 80 00 (other measuring or checking instruments, appliances and machines) is being increased from 10% to 15% [Clause 95 (i) of the Finance Bill, 2021 refers]. By virtue of declaration under the Provisional Collection of Taxes Act, 1931, this increase will come into force from 02.02.2021. However, the effective BCD on all goods under tariff item 9031 80 00, is being retained at 7.5% [S. No. 90 of notification No. 2/2021 – Customs dated 1<sup>st</sup> February, 2021 refers]. Consequently, goods falling under tariff item 9031 80 00 will attract the effective BCD rate of 7.5%.

## **Chapter 91**

(1) BCD on Instrument panel clocks and clocks of a similar type for vehicles, aircraft, spacecraft or vessels falling under tariff item 9104 00 00 is being increased from 10% to 15% by increasing the tariff rate [Clause 95 (i) of the Finance Bill, 2021 refers. By virtue of declaration under the Provisional Collection of Taxes Act, 1931, this increase will come into force from 02.02.2021.

## **Chapter 92-93: No Change**

## **Chapter 94**

(1) S. No. 587 of notification No. 50/2017- Customs is being amended. Consequently, solar lanterns or solar lamps will now attract 15% BCD. [S. No. 91 of the notification No. 02/2021- Customs dated 1<sup>st</sup> February, 2021 refers].

## **Chapter 95**

(1) S. Nos. 591 and 592 of notification No. 50/2017- Customs are being amended. Consequently, parts of electronics toys for manufacture of electronic toys falling under heading 9503 (as per the chapter Note 3 of chapter 95), will now attract 15% BCD subject to the end use condition. [S. Nos. 92 and 93 of the notification No. 02/2021-Customs dated 1<sup>st</sup> February, 2021 refers].

## **Chapter 96-97: No Change**

## **Chapter 98**

(1) High Speed Rail Projects are being included in the list of projects eligible for benefit under Project Imports Scheme [notification No. 09/2021-Customs, dated 1<sup>st</sup> February, 2021 refers]. National High Speed Rail Corporation Ltd. is being nominated as the ‘Sponsoring Authority’ for High-Speed Rail Projects, under Project Imports Regulations, 1986 [notification No. 10/2021-Customs, dated 1<sup>st</sup> February, 2021 refers]. Consequentially, High Speed Projects would attract effective BCD of 5%.

## Miscellaneous

- (1) Clause (b), (c) and (e) of first proviso of the notification No. 50/2017-Customs are being omitted as these clauses are redundant.
- (2) List 2 is being omitted [clause 'V' of notification No.2/2021-Customs dated 01.02.2021 refers]
- (3) Serial number 4 of notification No. 153/94-Customs dated 13<sup>th</sup> July, 1994 as amended, extend the said exemption to items 'costumes and props' for film making.
- (4) S. Nos. 229, 311, 312 and 313 of notification No. 50/2017-Customs are being omitted with effect from 01.04.2021. Consequently, BCD exemption to items falling under aforementioned S. Nos. shall be withdrawn with effect from 1<sup>st</sup> April, 2021 and they would attract applicable BCD rates. [S. Nos. 22 and 34 of notification No. 02/2021-Customs, dated 1st February, 2021]
- (5) S. No. 230 of the notification No. 50/2017-Customs is being omitted. Consequently, ink cartridges, ribbon assembly, ribbon gear assembly, ribbon gear carriage, for use in printers for computer, will now attract BCD as applicable. [S. No. 23 of the notification No. 02/2021-Customs dated 1st February, 2021 refers].
- (6) Review of Exemption Notifications: Certain miscellaneous exemption notifications have been reviewed and these notifications have either been merged with other exemption notifications or rescinded as these have outlived their utility. The list of notifications that are being rescinded are as follows:

S. No.	Notification No.	Notification Subject
1.	34/2017-Customs dated 30 <sup>th</sup> June, 2017	Exemption to tags, labels and printed bags imported for fixing on articles for export or for the packaging of such articles.
2.	75/2017-Customs dated 13 <sup>th</sup> September, 2017	Exemption for goods imported for organizing FIFA Under-17 World Cup, 2017.

(6) At present, there are certain end-use based exemptions in notification No. 50/2017-Customs which are presently being administered without the need to follow the procedure set out under the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 (IGCR Rules, 2017). To provide uniformity of enforcement of end-use provisions, the condition of IGCR Rules is being provided for the entries listed below in the manner as specified in the column (3) of the Table below: -

<b>S.No.</b>	<b>S. No. of Notfn</b>	<b>Description</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1.	237	(a) Existing condition 22 for the entry is being amended so as to remove the requirement of furnishing an undertaking to Deputy Commissioner/Assistant Commissioner of Customs as per part (b) of the said condition.  (b) In addition, with the existing condition (as amended), IGCR Rules, 2017 is being prescribed to avail the concession under said entry
2.	254, 255, 380, 406 and 497	(a) Existing condition 24 for the entry is being amended so as to remove the requirement of furnishing an undertaking to Deputy Commissioner/Assistant Commissioner of Customs as per part (b) of the said condition.  (b) In addition, with the existing condition (as amended), IGCR Rules, 2017 is being prescribed to avail the concession under said entry.
3.	292	(a) Existing Condition 30 of the entry is being substituted by IGCR Rules, 2017.  (b) In addition, Deputy Commissioner of Customs or Assistant Commissioner of Customs having jurisdiction under IGCR Rules, 2017, is also being empowered to issue the end use certificate for the past period after due verification as per the rules.
4.	333	Existing condition 38 of the entry is being substituted by IGCR Rules, 2017.
5.	408	(a) Existing condition 51 for the entry is being amended so as to remove the requirement of furnishing an undertaking to Deputy Commissioner/Assistant Commissioner of Customs as per part (3) of the said condition.

<b>S.No.</b>	<b>S. No. of Notfn</b>	<b>Description</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
		(b) In addition, with the existing condition (as amended), IGCR Rules, 2017 is being prescribed to avail the concession under said entry.
6.	410	IGCR Rules, 2017 is being prescribed in addition with the Condition 52 for the entry.
7.	413	(a) Existing condition 53 for the entry is being amended so as to remove the requirement of furnishing an undertaking to Deputy Commissioner/Assistant Commissioner of Customs as per part (iii) of the said condition. (b) In addition, with the existing condition (as amended), IGCR Rules, 2017 is being prescribed to avail the concession under said entry.
8.	414	(a) Existing condition 54 for the entry is being amended so as to remove the requirement of furnishing an undertaking to Deputy Commissioner/Assistant Commissioner of Customs as per part c.(iii) of the said condition. (b) In addition, with the existing condition (as amended), IGCR Rules, 2017 is being prescribed to avail the concession under said entry.
9.	430	(a) Existing condition 60 for the entry is being amended to remove the requirement of furnishing the end use certificate regarding use of imported goods to the Deputy Commissioner/Assistant Commissioner of Customs at the Port of import. (b) IGCR Rules, 2017 is also being prescribed in addition with the condition 60 as amended. (c) In addition, Deputy Commissioner of Customs or Assistant Commissioner of Customs having jurisdiction under IGCR Rules, 2017, is also being empowered to issue the end use certificate for the past period after due verification as per the rules.
10.	431	(a) Existing condition 61 for the entry is being amended to remove the requirement of furnishing the end use certificate regarding use of

<b>S.No.</b>	<b>S. No. of Notfn</b>	<b>Description</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
		<p>imported goods to the Deputy Commissioner/Assistant Commissioner of Customs at the Port of import.</p> <p>(b) IGCR Rules, 2017 is also being prescribed in addition with the condition 61 as amended.</p> <p>(c) In addition, Deputy Commissioner of Customs or Assistant Commissioner of Customs having jurisdiction under IGCR Rules, 2017, is also being empowered to issue the end use certificate for the past period after due verification as per the rules.</p>
11.	534	IGCR Rules, 2017 is being prescribed in addition with the Condition 74 for the entry.
12.	559	The Explanation in the said entry is being amended to replace the Assistant/Deputy Commissioner of either Central GST or State GST, as the case may be with Deputy Commissioner of Customs or Assistant Commissioner of Customs having jurisdiction under IGCR Rules, 2017.

[Notification No. 02/2021-Customs dated 1st February, 2021 refers].



**EXCISE****Note:**

- (a) “Basic Excise Duty” means the excise duty set forth in the Fourth Schedule to the Central Excise Act, 1944.
- (b) “Road and Infrastructure Cess” means the additional duty of excise imposed levied under section 112 of the Finance Act, 2018.
- (c) “Special Additional Excise Duty” means a duty of excise levied under section 147 of the Finance Act, 2002.
- (d) NCCD means “National Calamity Contingent Duty” levied under Finance Act, 2001, as a duty of Excise on specified goods at rates specified in the seventh schedule to Finance Act, 2001.
- (e) “Agriculture Infrastructure and Development Cess” means the additional duty of excise, levied vide Clause 116 of the Finance Bill, 2021,

**Chapter 24**

- (1) New tariff items inserted in Chapter 24 in the fourth Schedule of the Central Excise Act, 1944 in accordance with upcoming Harmonised System 2022 Nomenclature.
- (2) The Fourth Schedule to the Central Excise Act, 1944, is being amended with effect from 01.01.2022 to prescribe the rates following tariff items. [Clause 96 (ii) of the Finance Bill, 2021 refers]:

<b>Tariff Item</b>	<b>Description of goods</b>	<b>Unit</b>	<b>Rate of Duty</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
2404 11 00	Products intended for inhalation without combustion, containing tobacco or reconstituted tobacco	Kg.	81%
2404 19 00	Products intended for inhalation without combustion, Other	Kg.	81%

- (2) The Seventh Schedule of the Finance Act 2001, is being amended with effect from 01.01.2022 to insert the following tariff items.

<b>Tariff Item</b>	<b>Description of goods</b>	<b>Unit</b>	<b>Rate of Duty</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
2404 11 00	Products intended for inhalation without combustion, containing tobacco or reconstituted tobacco	Kg.	25%
2404 19 00	Products intended for inhalation without combustion, Other	Kg.	25%

## **Chapter 27**

(1) To align the First schedule of the Customs Tariff Act, 1975 to the Fourth Schedule to the Central Excise Act, 1944 in respect of Crude Petroleum Oil, it is proposed to amend entries in heading 2709 so as to replace the existing tariff items and entries thereof (2709 10 00, 2709 20 00 in the Fourth schedule of the Central Excise Act, 1944 and 2709 00 00 of the First schedule of the Customs Tariff Act, 1975) in both the First schedule of the Customs Tariff Act, 1975 and the Fourth schedule of the Central Excise Act, 1944, with the following two new tariff items (w.e.f 1.4.2021):

2709 00 10 --- petroleum crude

2709 00 20 --- other

(2) Agriculture Infrastructure and Development Cess (AIDC) is being imposed on Petrol and High-speed diesel falling under CETH 2710 at the rate of Rs. 2.5 per litre and Rs. 4 per litre respectively. Simultaneously, Basic Excise Duty and Special Additional Excise Duty on Petrol and High-speed diesel is being calibrated. The details of these changes are given in Annexure-C. [notification Nos. 01/2021-Central Excise and 02/2021-Central Excise, both dated 1st February, 2021 refer]

(3) Exemptions from Special Additional Excise Duty (SAED) and Road and Infrastructure Cess (RIC) is being provided to new category of blended fuels namely, 15% Methanol blended Petrol (M-15 fuel) and 20% ethanol blended Petrol (E-20 fuel), provided appropriate excise duty on Petrol and appropriate GST on ethanol/methanol and cosolvents has been paid. [notification Nos. 04/2021-Central Excise, 05/2021-Central Excise and 06/2021-Central Excise, all dated 1st February, 2021 refer]

- (4) Exemption from Agriculture Infrastructure and Development Cess (AIDC) is being provided to blended fuels namely 5% ethanol blended petrol, 10% ethanol blended petrol, 20% bio-diesel blended High speed diesel, and new category of blended fuels namely, 15% Methanol blended Petrol (M-15 fuel) and 20% ethanol blended Petrol (E-20 fuel). [notification Nos. 03/2021-Central Excise, dated 1st February, 2021 refers]
- (5) The Exemptions available to blended fuels, 5% ethanol blended petrol, 10% ethanol blended petrol, 20% bio-diesel blended High speed diesel from Basic Excise Duty, Special Additional Excise Duty and Road and Infrastructure Cess is being amended to include the reference to the AIDC in the definition of appropriate duty of excise on petrol/diesel being blended. [notification Nos. 02/2021-Central Excise, 05/2021-Central Excise and 07/2021-Central Excise, all dated 1st February, 2021 refer]
- (6) Amendment in Fourth Schedule made by Notification No. 08/2019-CE (T) dated 31.12.2019 shall be made effective w.e.f. 01.01.2020, retrospectively [clause [98] of the Finance Bill, 2021 refers].
- (7) It is proposed to specify correct IS “17076” against the tariff item 27101249 and made effective from 01.01.2020, retrospectively [clause [97 (i)] of the Finance Bill, 2021 refers]
- (8) It is proposed that tariff rate of 14%+ Rs. 15.00 per litre against tariff item 2710 20 10 and 2710 20 20 may be prescribed and made effective from 01.01.2020, retrospectively. [clauses [97 (ii) and 97 (iii)] of the Finance Bill, 2021 refers]

**AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS**

These changes would become effective on 02.02.2021, 00:00 hours owing to the declaration made under Provisional Collection of Taxes Act, 1931.

**I. Customs:**

(1) An Agriculture Infrastructure and Development Cess (AIDC), as duty of customs has been proposed [Clause 115 of the Finance Bill, 2021 refers]. Enabling provisions has been made for levy of this cess on all imported goods at the rate not exceeding the rate specified in the First Schedule to the Customs Tariff Act, 1975. However, it would be levied only on specified goods as detailed below. All other items are being exempted from this Cess.

Further, the BCD rates have been simultaneously lowered on items on which cess is being imposed. The list of items on which cess has been imposed and the applicable duty and AIDC on them with effect from 02.02.2021, is as follows:

S. No	Heading, sub-heading tariff item	Commodity	Basic customs duty	AIDC
1.	0808 10 00	Apples	15% / 35%*	35%
2.	1511 10 00	Crude Palm Oil	15%	17.5%
3.	1507 10 00	Crude Soya-bean oil	15%	20%
4.	1512 11 10	Crude Sunflower seed oil	15%	20%
5.	0713 10	Peas (Pisum sativum)	10%	40%
6.	0713 20 10	Kabuli Chana	10%	30%
7.	0713 20 20	Bengal Gram (desichana)	10%	50%
8.	0713 20 90	Chick Peas (garbanzos)	10%	50%
9.	0713 40 00	Lentils (Mosur)	10% / 30%*	20%
10.	2204	All goods (Wine)	50%	100%
11.	2205	Vermouth and other wine of fresh grapes, flavoured	50%	100%
12.	2206	Other fermented beverages for example, Cider, Perry, Mead, sake, mixture of fermented beverages or	50%	100%

		fermented beverages and nonalcoholic beverages		
13.	2208	All goods (Brandy, Bourbon whiskey, Scotch etc.)	50%	100%
14.	2701	Various types of coal	1%	1.5%
15.	2702	Lignite, whether or not agglomerated	1%	1.5%
16.	2703	Peat, whether or not agglomerated	1%	1.5%
17.	3102 10 00	Urea	Nil	5%
18.	3102 30 00	Ammonium nitrate	2.5%	5%
19.	31	Muriate of potash, for use as manure or for the production of complex fertilisers	Nil	5%
20.	3105 30 00	Diammonium phosphate, for use as manure or for the production of complex fertilisers	Nil	5%
21.	5201	Cotton (not carded or combed)	5%	5%
22.	7106	Silver (including imports by eligible passengers)	7.5%	2.5%
23.	7106	Silver Dore	6.1%	2.5%
24.	7108	Gold (including imports by eligible passengers)	7.5%	2.5%
25.	7108	Gold Dore	6.9%	2.5%

\* All goods originating in or exported from the United States of America.

(2) For the purpose of calculating the AIDC, the import value of such goods shall be calculated in the same manner as the value of goods is calculated under the provisions of section 14 of the Customs Act, 1962.

(3) Social Welfare Surcharge (SWS) would be levied on AIDC. However, exemption from SWS on AIDC has been given to gold and silver.

(4) Further, goods imported under customs duty exemptions available under FTA and EOU as well as under advance authorization schemes are being exempted from AIDC.

## **II. Excise:**

An agriculture Infrastructure and Development Cess (AIDC) of Rs 2.5 per litre has been imposed on petrol and Rs 4 per litre on diesel as an additional duty of excise [Clause 116 of the Finance Bill, 2021 refers]. Accordingly, Basic Excise Duty and the Special Additional Excise Duty have been calibrated so that there would be no additional burden on the consumer. The table below summarizes the change in various duties applicable to Petrol and Diesel:

<b>Commodity</b>	<b>Duty rates applicable with effect from 02.02.2021 (Rs. per litre)</b>				
	<b>BED</b>	<b>SAED</b>	<b>RIC</b>	<b>AIDC</b>	<b>Total</b>
<b>Petrol (unbranded)</b>	1.40	11	18	2.5	32.90
<b>Petrol (branded)</b>	2.60	11	18	2.5	34.10
<b>Diesel (unbranded)</b>	1.80	8	18	4.0	31.80
<b>Diesel (branded)</b>	4.20	8	18	4.0	34.10

BED: Basic Excise Duty; SAED: Special Additional Excise Duty; RIC: Road and Infrastructure Cess; AIDC: Agriculture Infrastructure and Development Cess.

**I. Amendments in Customs Act, 1962:**

- (a) Section 25 of the Customs Act is being amended to prescribe that all conditional exemptions, unless otherwise specified or varied or rescinded, given under Customs Act shall come to an end on 31<sup>st</sup> March falling immediately two years after the date of such grant or variation. Further, all existing conditional exemptions in force as on the date on which the Finance Bill 2021 receives the assent of the President unless having a prescribed end date, shall come to an end on 31<sup>st</sup> March, 2023 (if not specifically extended/ rescinded earlier) on review.
- (b) A new section 28BB is being introduced prescribing a two-year time-limit, further extendable by one year by the Commissioner, for completion of any proceedings under this act which would culminate in issuance of a notice under section 28 of the Customs Act, 1962.
- (c) Sub section (3) of section 46 is being amended so as to-
  - i. mandate filing of bill of entry before the end of the day preceding the day (including holidays) of arrival of goods.
  - ii. A new proviso is being introduced therein, to enable the Board to notify the time period for presenting bill of entry in certain cases as it may deem fit.
- (d) Section 110 of the Customs Act is being amended so as to revise the procedure for pre-trial disposal of seized gold, in any form as notified. Commissioner (Appeals) having jurisdiction, to certify the correctness of inventory of the seized goods and carry out other procedures as prescribed, before the disposal of the gold in a manner as may be determined by the Central Government. Other consequential amendments to give effect to this provision are also being carried out.
- (e) Sub-section (ja) is being added to section 113 to provide for the confiscation of any goods entered for exportation under claim of remission or refund of any duty or tax or levy, so as to make a wrongful claim in contravention of the provisions of the Customs Act, 1962 or any other law for the time being in force.
- (f) A new section 114AC is being inserted in Customs Act to prescribe penalty in specific case where any person has obtained any invoice by fraud, collusion, willful misstatement or suppression of facts to utilize Input Tax Credit on the basis of such invoice for discharging any duty or tax on goods that are entered for exportation under claim of refund of any duty or tax.

- (g) Explanation to section 139 of Customs Act is being amended so as to include inventories, photographs and lists certified by the Commissioner (Appeals) under the new sub-section (1D) to the documents within the meaning of that section to give evidentiary value to such documents.
- (h) Section 149 is being amended so as to-
  - i. introduce a second proviso which would allow amendments to be done through the customs automated system on the basis of risk evaluation through appropriate selection criteria.
  - ii. introduce a third proviso so that certain amendments, as may be specified by the Board, may be done by the importer or exporter on the common portal.
- (i) Section 153 is being amended so as to insert a new clause '(ca)' under sub section (1) thereof so as to enable service of order, summons, notice, etc. by making it available on the common portal.
- (j) Chapter XVII is being amended so as to insert a new section 154C for notification of a common portal for facilitating registration, filing of bills of entry, shipping bills, any other document or form prescribed under this act or under any other law for the time being in force or the rules and regulations made thereunder, payment of duty and for carrying out such other functions and for such purposes as may be specified.

## **II. Amendments in Customs Tariff Act, 1975:**

- (a) First Schedule to the Customs Tariff Act, 1975 is being amended to create specific tariff lines for certain items.
- (b) Changes to the first schedule to the Customs Tariff Act are being proposed that are to come into effect from 01.01.2022. This is in accordance with HSN 2022, which proposes 351 amendments to the existing harmonized nomenclature, covering a wide range of goods moving across borders. The amendments are necessary to adapt to the current trade through the recognition of new product streams, the changing nature of commodities being traded, advent of new technologies and addressing the environmental and social issues of global concern- all with a prime focus on the larger goal of ease of doing business and trade facilitation.



- (c) It is being proposed to make the following amendments in the provision relating to ADD, CVD, Safeguard measures [ sections 8B, 9 and 9A of the Customs Tariff Act and respective Rules] to provide for:
- i. imposition of duty from the date of initiation of anti-circumvention investigation;
  - ii. anti-absorption provisions to counter situation where, by reduction of export prices or otherwise, the ADD/CVD levied is sought to be absorbed, diluting the intended impact of such ADD/CVD.
  - iii. imposition of these duties on review for period upto 5 years at a time;
  - iv. uniform provisions for imposition ADD/CVD on account of inputs (attracting ADD or CVD) used by EoUs and SEZs for manufacture of goods that are cleared to Domestic Tariff Area;
  - v. whenever any particular ADD or CVD is temporarily revoked, such temporary revocation shall not exceed one year at a time;
  - vi. final findings are to be issued in ADD/CVD, in investigation in review proceedings, by the designated authority, at least three months prior to expiry of the ADD under review (with effect from the 1st Jul, 2021);
  - vii. provisional assessment in anti-circumvention investigation and make some other technical changes in ADD/CVD Rules;
  - viii. manner of application of safeguard measure, including tariff-rate quota in the Safeguard Duty (name changed to Safeguard Measures) Rules.

### III. **Amendments in Customs Rules**

Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 [IGCR Rules] are being amended to provide the following facilities:

- a. to allow job-work of the materials (except gold and jewellery and other precious metals) imported under concessional rate of duty
- b. to allow 100% out-sourcing for manufacture of goods on job-work
- c. to allow imported capital goods that have been used for the specified purpose to be cleared on payment of differential duty, along with interest, on the depreciated value. The depreciation norms would be the same as applied to EOUs, as per Foreign Trade Policy.

**Amendments in CGST, IGST and UTGST Acts, 2017:**

Amendments carried out in the Finance Bill, 2021 will come into effect from the date when the same will be notified, as far as possible, concurrently with the corresponding amendments to the similar Acts passed by the States and Union territories with Legislature.

**I. AMENDMENTS IN THE CGST ACT, 2017:**

- a. A new clause (aa) in sub-section (1) of Section 7 of the CGST Act is being inserted, retrospectively with effect from the 1st July, 2017, so as to ensure levy of tax on activities or transactions involving supply of goods or services by any person, other than an individual, to its members or constituents or *vice-versa*, for cash, deferred payment or other valuable consideration.
- b. A new clause (aa) to sub-section (2) of the section 16 of the CGST Act is being inserted to provide that input tax credit on invoice or debit note may be availed only when the details of such invoice or debit note have been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note.
- c. Sub-section (5) of section 35 of the CGST Act is being omitted so as to remove the mandatory requirement of getting annual accounts audited and reconciliation statement submitted by specified professional.
- d. Section 44 of the CGST Act is being substituted so as to remove the mandatory requirement of furnishing a reconciliation statement duly audited by specified professional and to provide for filing of the annual return on self-certification basis. It further provides for the Commissioner to exempt a class of taxpayers from the requirement of filing the annual return.
- e. Section 50 of the CGST Act is being amended, retrospectively, to substitute the proviso to sub-section (1) so as to charge interest on net cash liability with effect from the 1st July, 2017.
- f. Section 74 of the CGST Act is being amended so as make seizure and confiscation of goods and conveyances in transit a separate proceeding from recovery of tax.
- g. An *explanation* to sub-section (12) of section 75 of the CGST Act is being inserted to clarify that “self-assessed tax” shall include the tax payable in respect of outward

supplies, the details of which have been furnished under section 37, but not included in the return furnished under section 39.

- h. Section 83 of the CGST Act is being amended so as to provide that provisional attachment shall remain valid for the entire period starting from the initiation of any proceeding under Chapter XII, Chapter XIV or Chapter XV till the expiry of a period of one year from the date of order made thereunder.
- i. Section 129 of the CGST Act is being amended to delink the proceedings under that section relating to detention, seizure and release of goods and conveyances in transit, from the proceedings under section 130 relating to confiscation of goods or conveyances and levy of penalty.
- j. Section 130 of the CGST Act is being amended to delink the proceedings under that section relating to confiscation of goods or conveyances and levy of penalty from the proceedings under section 129 relating to detention, seizure and release of goods and conveyances in transit.
- k. Section 151 of the CGST Act is being substituted to empower the jurisdictional commissioner to call for information from any person relating to any matter dealt with in connection with the Act.
- l. Section 152 of the CGST Act is being amended so as to provide that no information obtained under sections 150 and 151 shall be used for the purposes of any proceedings under the Act without giving an opportunity of being heard to the person concerned.
- m. Section 168 of the CGST Act is being amended to enable the jurisdictional commissioner to exercise powers under section 151 to call for information.
- n. Consequent to the amendment in section 7 of the CGST Act paragraph 7 of Schedule II to the CGST Act is being omitted retrospectively, with effect from the 1st July, 2017.

## **II. AMENDMENTS IN THE IGST ACT, 2017:**

Section 16 of the IGST Act is being amended so as to:

- (i) zero rate the supply of goods or services to a Special Economic Zone developer or a Special Economic Zone unit only when the said supply is for authorised operations;
- (ii) restrict the zero-rated supply on payment of integrated tax only to a notified class of taxpayers or notified supplies of goods or services; and
- (iii) link the foreign exchange remittance in case of export of goods with refund.