

CUSTOMS

KEY AMENDMENTS

- ⇒ Central Board of Excise and Customs will be renamed as the Central Board of Indirect Taxes and Customs (effective from date of enactment of Finance Bill)
- ⇒ The scope of the Customs Act, 1962 has been expanded. Now, it will also apply to any offence or contravention committed outside India by any person unless specified otherwise *[please refer to Clause 55 of the Finance Bill 2018]*.
- ⇒ The import manifest and export manifest shall include Arrival Manifest and Departure Manifest respectively *[please refer to Clause 54 of the Finance Bill 2018]*.
- ⇒ Definition of 'Indian Customs Waters' has been amended by replacing the words from 'contiguous zone of India under Section 5' to 'Exclusive Economic Zone under Section 7' of India *[please refer to Clause 56 of the Finance Bill 2018]*.
- ⇒ New provisions have been introduced in the Customs Act, 1962 vide Sections 25A and 25B, which now empower the Central Government to exempt goods *[please refer to Clause 60 of the Finance Bill 2018]*:
 - Imported for repair, further processing or manufacture;
 - Re-imported for repair, further processing or manufacture after exports.
- ⇒ Section 28 of the Customs Act, 1962 has been amended to provide for a discussion and consultation with the assessee before issuance of SCN in non-fraud cases. The manner of pre-notice consultation shall be provided separately in the respective regulations *[please refer to Clause 61 of the Finance Bill 2018]*.
- ⇒ New provision has been inserted under Section 28 which provides that a supplementary show cause notice can be issued within the existing time period in the prescribed circumstances *[please refer to Clause 61 of the Finance Bill 2018]*.
- ⇒ The provisions of Section 28 have been further amended which provide a definite time frame of six months (in case of non-fraud matters) and one year (where the elements of fraud, collusion etc., are present) for adjudication of demand notices. These time periods shall be extendable by the officer senior to the adjudicating authority for a

- further period of six months or one year respectively [*please refer to Clause 61 of the Finance Bill 2018*].
- ⇒ In case the demand notices are not adjudicated even in the extended period, it would be deemed as if no demand had been issued [*please refer to Clause 61 of the Finance Bill 2018*].
 - ⇒ The scope of advance ruling has been broadened to include matters beyond determination of duty and the requirement of proposed activity has been done away with [*please refer to Clause 62 of the Finance Bill 2018*];;
 - ⇒ New provisions have been inserted vide Section 28EA. Applications for advance ruling now have to be made to Customs Authority for Advance Rulings (CAAR) and appeal against the order of CAAR can be made before the Authority for Advance Ruling set under the Income Tax Act, 1961. Further, till the date of appointment of the CAAR, the existing Authority for Advance Ruling constituted under the Income Tax Act shall continue to be the Authority for such purposes [*please refer to Clause 63 of the Finance Bill 2018*].
 - ⇒ A new Section namely 99A has been inserted relating to Audit of assessment of imported goods or exported goods or of an Audit in the manner to be prescribed. Such Audit can be undertaken either at the assessee's premises or at the proper officer's office [*please refer to Clause 61 of the Finance Bill 2018*].
 - ⇒ The provisions of Section 47, 51, 60, 68 and 69 have been amended so as to have a provision for clearance of goods by Customs Automated System in addition to existing clearance by the proper officer [*please refer to Clauses 75, 77, 80, 81 and 82 of the Finance Bill 2018*];
 - ⇒ Education Cess and Secondary Higher Education Cess have been abolished and in lieu thereof a new levy in the name of Social Welfare Surcharge on imported goods has been imposed @ 10% on all duties of customs including IGST However, for the time being the said surcharge will be levied only on BCD component instead of total customs duties since the Central Government vide Notification No. 13 / 2018 - Customs dated 2nd February 2018 has exempted such surcharge on IGST component [*please refer to Clause 108 of the Finance Bill 2018*].
 - ⇒ The provisions of Section 125 of the Customs Act, 1962 have been amended to provide where cases are concluded on payment of duty, penalty and interest under Section 28, no redemption fine can be imposed in respect of goods mentioned under section 125

of the Customs Act. Until now, field formations were taking a view that closure of case under Section 28 does not conclude the proceedings related with confiscation of such goods and imposition of redemption fine under Section 125 of the Customs Act [please refer to Clause 93 of the Finance Bill 2018].

- ⇒ The existing Road Cess (levied at INR 6 per litre) on Petrol and High Speed Diesel has been replaced with the new Road and Infrastructure Cess (to be levied at INR 8 per litre) However, the total duty incidence on import of both the products remains the same as the erstwhile CVD of INR 2 per litre has been abolished [please refer to Clause 109 of the Finance Bill 2018].
- ⇒ Schedule II to Customs Tariff Act, 1975 has been amended to provide Nil rate of export duty on all other goods which are not specifically mentioned in the schedule.

Exemption

Goods	BCD
➤ Inputs or parts for manufacture of PCBA or moulded plastics of charger/battery of cellular mobiles phones	√

* BCD – Basic Customs Duty

CHANGE IN BASIC CUSTOMS DUTY RATES PERTAINING TO THE FOLLOWING INDUSTRIES:

INDUSTRY	RATE (%)		
	From	↑↓	To
FOOD PROCESSING			
➤ Cashew nuts in shell (raw cashew)	5	↓	2.5
➤ Orange Fruit Juice	30	↑	35

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➤ Grape Fruit Juice	30	↑	50
➤ Cranberry Juice	10	↑	50
PERFUMES AND TOILERATRY PREPARATIONS			
➤ Perfumes and toilet waters	10	↑	20
➤ Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or suntan preparations; manicure or pedicure preparations	10	↑	20
➤ Preparations for use on the hair	10	↑	20
➤ Preparations for oral or dental hygiene, including denture fixative pastes and powders; yarn used to clean between the teeth (dental floss), in individual retail packages	10	↑	20
➤ Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included, prepared room deodorizers, whether or not perfumed or having disinfectant properties	10	↑	20

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AUTOMOBILE PARTS			
➤ Truck and Bus radial tyres	10	↑	15
➤ Specified parts/accessories of motor vehicles, motor cars, motor cycles	7.5 / 10	↑	15
TEXTILES			
➤ Silk Fabrics	10	↑	20
FOOTWEAR			
➤ Footwear	10	↑	20
➤ Parts of Footwear	10	↑	15
JEWELLERY			
➤ Imitation Jewellery	15	↑	20
FURNITURE			
➤ Seats and parts of seats [other than aircraft seats and their parts]	10	↑	20

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➤ Other furniture and parts	10	↑	20
➤ Mattresses supports; articles of bedding and similar furnishing	10	↑	20
➤ Lamps and lighting fitting, illuminated signs, illuminated name plates and the like [except solar lanterns or solar lamps]	10	↑	20
WATCHES AND CLOCKS			
➤ Wrist watches, pocket watches and other watches, including stop watches	10	↑	20
➤ Clocks with watch movements	10	↑	20
➤ Other clocks, including alarm clocks	10	↑	20
CAPITAL GOODS			
➤ Solar tempered glass for use in the manufacture of Solar Cells/panels/modules *	5	↓	0
➤ Preform of Silica for use in manufacture of telecommunication garde optical fibre or optical fibre cables	0	↑	5
➤ Ball screws, linear motion guides, CNC systems for manufacture of all types of CNC machine tools falling under headings 8456 to 8463	7.5	↓	2.5

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ELECTRONICS AND HARDWARE			
➤ Cellular Mobile Phones	15	↑	20
➤ Charger/adaptor of Cellular Mobile Phones	10	↑	15
➤ Lithuim-ion Battery	10	↑	20
➤ Microphone, wired handset, receiver of cellular mobile phones	10	↑	15
➤ Printed Circuit Board Assembly (PCBA) for manufacture of charger/adaptor of cellular mobile phones	0	↑	10
➤ Inputs or parts of manufacture of PCBA or moulded plastics of charger/battery of celluar mobiles phones	Applicable rate		Nil
➤ LCCD/LED/OLED panels and other parts of LCD/LED/OLED TVs	7.5/10	↑	15
AUTOMOBILE AND AUTOMOBILE PARTS			
➤ CKD imports of motor vehicles, motor cars, motor cycles	10	↑	15
➤ CBU imports of motor vehicles	10	↑	15

Subject to actual user condition
