

INTRODUCTION

We are well aware that our Finance Minister presented her second Union Budget in the Parliament on February 01, 2020 which aims to boost the incomes of the people and enhance their purchasing power through a combination of measures.

People expected various economic reforms, however, the Budget has several hits and misses.

In this regard, following were the key highlights of Union Budget 2020-21:

- Aspirational India - better standards of living with access to health, education and better jobs for all sections of the society
- Economic Development for all - “Sabka Saath, Sabka Vikas, Sabka Vishwas”
- Caring Society - both humane and compassionate; Antyodaya as an article of faith.
- Three broad themes are held together by:
 - Corruption free, policy-driven Good Governance.
 - Clean and sound financial sector.
- Ease of Living underlined by the three themes of Union Budget 2020-21.

Three components of Aspirational India would include:

- Agriculture, Irrigation, and Rural Development
- Wellness, Water, and Sanitation
- Education and Skills

Several allocations and targets have been set for the above-mentioned components.

This Budget has brought in many interesting changes.

The income tax slab rates have been revised. In the Budget announcement, Nirmala Sitharaman proposed to bring a simplified personalised income tax scheme for those who forego deductions. The new tax regime will be optional and the taxpayers will be given the choice to either remain in the old regime with exemptions and deductions or opt for the new reduced tax rate without those exemptions.

Further, in order to remove the cascading effect, the Finance Minister has proposed to allow deduction for the dividend received by holding company from its subsidiary. The removal of DDT will lead to estimated annual revenue foregone of Rs. 25,000 crore. This will further make India an attractive destination for investment.

A simplified GST return shall be implemented from the 1st April, 2020. It will make return filing simple with features like SMS based filing for nil return, return pre-filing, improved input tax credit flow and overall simplification. Dynamic QR-code is proposed for consumer invoices.

On the Customs front, to give impetus to domestic industry, and to generate resource for health services, it is proposed to impose a nominal health cess of 5% on imports of specified medical equipment. An increase is proposed in National Calamity Contingent Duty (NCCD) on Cigarettes and Tobacco products. NCCD on Bidis remains unchanged.

We will have to wait and watch how these transitions pan out and hope for a smooth and fruitful implementation.

GOODS AND SERVICES TAX ('GST')

Amendments in the Central Goods & Services Tax Act, 2017 (hereinafter referred as "CGST Act") as per the Finance (No.26) Bill, 2020

Trade Facilitation measures

- ⇒ The provisions of Composition Levy are being amended so as to exclude from its ambit taxable persons making supplies of services not leviable to tax under the CGST Act, inter-State outward supply of services, outward supply of services through an e-commerce operator ***[Clause 117]***
- ⇒ The provisions for eligibility and conditions for taking input tax credit have been amended so as to delink the date of issuance of debit note of issuance of the underlying invoice for the purposes of availing input tax credit ***[Clause 118]***
- ⇒ The provisions relating to transitional arrangements for ITC are being amended, so as to prescribe the time limit and the manner for availing ITC against certain unavailed credit under the existing law. This amendment shall take effect retrospectively from July 1, 2017 ***[Clause 126]***
- ⇒ Entries at Schedule II of the CGST Act are being amended w.e.f. 01.07.2017 to make provision for omission of supplies relating to transfer of business assets made without any consideration ***[Clause 129]***

Compliance measures

- ⇒ Seeks to amend the provisions for cancellation of registration so as to include the cancellations obtained voluntarily ***[Clause 119]***

- ⇒ A new proviso is being inserted to empower the jurisdictional tax authorities to extend the period provided to file an application for revocation of cancellation of registration **[Clause 120]**
- ⇒ The categories of services or supplies in respect of which tax invoice or any other document shall be issued and to make rules regarding the time and manner of its issuance are being notified **[Clause 121]**
- ⇒ The Government is being empowered to make rules to provide for the form and manner in which a certificate of tax deduction at source shall be issued **[Clause 122]**

General Changes

- ⇒ The definition of 'Union Territory' has been amended to include 'Dadra and Nagar Haveli and Daman and Diu' and 'Ladakh' **[Clause 116]**
- ⇒ The provisions of CGST Act are being amended to bring in the provision for Appellate Tribunal in the Union Territory of Jammu and Kashmir and Ladakh **[Clause 123]**
- ⇒ Provisions regarding powers to issue instructions or directions are being amended to enable the jurisdictional commissioner to exercise their powers **[Clause 127]**
- ⇒ The time limit provided for removal of difficulties thereunder have been extended from three years to five years, with effect from the date of commencement of the said Act **[Clause 128]**
- ⇒ Retrospective exemption from CGST on supply of fishmeal has been provided, during the period from July 01, 2017 to September 30, 2019 (both days included). Further, CGST at the reduced rate of 6% on supply of pulley, wheels and other parts used as parts of agricultural machinery, has been levied retrospectively from July 01, 2017 to December 31, 2018 (both days included) **[Clause 130]**

Deterrent measures

- ⇒ The penalty provisions for certain offences are being amended so as to make the beneficiary of certain transactions of passing on or availing fraudulent Input Tax Credit at whose instance such transactions are conducted, liable for penalty **[Clause 124]**
- ⇒ The punishment provisions for certain offences are being amended so as to make the offence of fraudulent availment of ITC without invoice or bill cognizable and non-bailable and to make any person who retains the benefit of certain transactions and at whose instance such transactions are conducted liable for punishment **[Clause 125]**
- ⇒ The refund of accumulated credit of compensation cess on tobacco products arising out of inverted duty structure in Compensation Cess is disallowed w.e.f October 1, 2019 with a retrospective effect. Accordingly, no refund on account of inverted duty structure would be admissible on any tobacco products **[Clause 131]**

INTEGRATED GOODS AND SERVICES TAX (‘IGST’)

Amendments in the Integrated Goods & Services Tax Act, 2017 (hereinafter referred as “IGST Act”) as per the Finance (No.26) Bill, 2020

- ⇒ The time limit provided for removal of difficulties thereunder have been extended from three years to five years, with effect from the date of commencement of the said Act **[Clause 132]**
- ⇒ Retrospective exemption from IGST on supply of fishmeal, during the period from July 1, 2017 up to September 30, 2019 (both days inclusive) has been provided. It further seeks to retrospectively levy IGST at the reduced rate of 12% on supply of pulley, wheels and other parts used as parts of agricultural machinery during the period from July 1, 2017 up to December 31, 2018 (both days inclusive). Further, no refund shall be made of the tax which has already been collected **[Clause 133]**

UNION TERRITORY GOODS AND SERVICES TAX (‘UTGST’)

Amendments in the Union Territory Goods & Services Tax Act, 2017 (hereinafter referred as “UTGST Act”) as per the Finance (No.26) Bill, 2020

- ⇒ Change in the status of Union territory of Dadra and Nagar Haveli and Union territory of Daman and Diu has been made to make UTGST Act, 2017 applicable to the Union territory of Ladakh **[Clause 134]**
- ⇒ The definition of ‘Union Territory’ has been amended to include ‘Dadra and Nagar Haveli and Daman and Diu’ and ‘Ladakh’ **[Clause 135]**
- ⇒ The time limit provided for removal of difficulties has been extended from three years to five years **[Clause 136]**
- ⇒ Retrospective exemption from UTGST on supply of fishmeal has been provided, during the period from July 01, 2017 to September 30, 2019 (both days included). Further, UTGST at the reduced rate of 6% on supply of pulley, wheels and other parts used as parts of agricultural machinery, has been levied retrospectively from July 01, 2017 to December 31, 2018 (both days included). Further, no refund shall be made of the tax which has already been collected **[Clause 137]**

GOODS AND SERVICES TAX (“Compensation to States) Act, 2017

Amendments in the Goods & Services Tax (Compensation to States) Act, 2017”) as per the Finance (No.26) Bill, 2020

- ⇒ The time limit provided for removal of difficulties has been extended from three years to five years with effect from the date of commencement of the said Act [**Clause 138**]

CUSTOMS

Amendments in the Customs Act, 1962 (hereinafter referred as “Customs Act”) as per the Finance Bill, 2020

- ⇒ The word “gold, silver or any other goods” has been substituted for the word “gold or silver” under Section 11(2)(f) [Power to prohibit importation or exportation of goods] of the Customs Act. *Vide* the said amendment all the other goods are included through which Government can prevent the injury to the economy on account of uncontrolled import or export of such goods. **[Clause 105]**
- ⇒ In Explanation 4 of Section 28 [Recovery of duties not levied or not paid or short-levied or short-paid or erroneously refunded] of the Customs Act has been substituted. The explanation has been substituted to explicitly clarify that any notice issued under the said Section, prior to enactment of the Finance Act, 2018, shall continue to be governed by Section 28, as it existed before the said enactment, notwithstanding order of the Appellate Tribunal, Court or any other provisions of the Customs Act or rules made thereunder or any other law to the contrary. The said amendment shall come into effect retrospectively from March 29, 2018, i.e. the date of commencement of the Finance Act, 2018. **[Clause 106]**
- ⇒ The Government has widened the scope of Section 28AAA [Recovery of duties in certain cases] of the Customs Act by inserting phrase “any other law or any scheme” for recovery of duties. Earlier only Customs Act and Foreign Trade (Development and Regulation) Act, 1992 were covered under the said Section. Further, the term instrument as per Explanation 1 of Section 28AAA now also include duty credit issued under Section 51B. **[Clause 107]**
- ⇒ In Chapter VIIA of the Customs Act, in the heading, after the word “LEDGER”, the words “AND ELECTRONIC DUTY CREDIT LEDGER” has been inserted. **[Clause 109]**

Newly inserted Sections in Customs Act

- ⇒ New Chapter VAA under which Section 28DA has been inserted under the Customs Act which deals with “Administration of Rules of Origin under Trade Agreement”. The proposed new section seeks to specifically provide for certain obligations on importer and prescribe for time bound verification from exporting country in case of doubt. The pending verification preferential tariff treatment shall be suspended and goods shall be cleared only on furnishing security equal to differential duty. In certain cases, the preferential tax treatment may be denied without further verification. **[Clause 108]**

- ⇒ New Section 51B has been inserted under the Customs Act which dealt with the creation of an Electronic Duty Credit Ledger in the customs system. This will enable duty credit in lieu of duty remission to be given in respect of exports or other such benefit in electronic form for its usage, transfer, etc. The provision for recovery of duties provided under Section 28AAA of the Customs Act, are also being expanded to include such electronic credit of duties. **[Clause 110]**

- ⇒ New Clause (q) to Section 111 has been inserted *vide* which now any goods imported on a claim of preferential rate of duty and in relation to which any provision of Chapter VAA or any rule made thereunder has been contravened shall be liable for confiscation. **[Clause 111]**

- ⇒ New Clause (i) to Section 156(2) has been inserted *vide* which the Government can make rules for the form, time limit, manner, circumstances, conditions, restrictions and such other matters for carrying out the provisions of Chapter VAA (i.e., Administration of Rules of Origin under Trade Agreement). **[Clause 112]**

- ⇒ After clause (j) a new Clause (ja) has been inserted in Section 157(2) *vide* which the Government can make regulations for the purpose of prescribing the manner of maintaining electronic duty credit ledger, making payment from such ledger, transfer of duty credit from ledger

of one person to the ledger of another and the conditions, restrictions and time limit relating thereto. **[Clause 113]**

CHANGES IN BASIC CUSTOMS DUTY RATES AND CLARIFICATORY AMENDMENTS IN THE RESPECTIVE NOTIFICATIONS:

COMMODITIES	Rate (%)		
	From	↑↓	To
Animals			
⇒ Pure-bred breeding horses	30%	↓	Nil
Fuels, Chemicals and Plastics			
⇒ Very low Sulphur fuel oil meeting ISO 8217:2017 RMG380 Viscosity in 220-400 CST standards/marine Fuel Oil 0.5% (FO), under the same conditions as available to IFO 180 CST and IFO 380 CST under entry at S. No. 139 of notification No. 50/2017–Customs dated 30.6.2017	10%	↓	Nil
⇒ Calcined Petroleum Coke	10%	↓	7.50%
⇒ Colloidal precious metals; compounds of precious metals; amalgams of precious metals	7.50%	↑	10%
⇒ Butyl Acrylate	5%	↑	7.50%
⇒ Polyester Liquid Crystal Polymers (LCP) for use in manufacture of connectors	7.50%	↓	Nil
⇒ Calendared plastic sheets for use in manufacturing of smart cards	10%	↓	5%

Paper Industry			
⇒ Newsprint, if the importer, at the time of import is an establishment registered with the Registrar of Newspapers, India (RNI)	10%	↓	5%
⇒ Uncoated paper used for printing newspaper, if the importer, at the time of import is an establishment registered with the Registrar of Newspapers, India (RNI)			
⇒ Lightweight coated used for printing magazines, subject to end-use conditions			
Sports Goods			
⇒ List of items allowed duty free import up to 3% of FOB value of sports goods exported in the preceding financial year is amended to include Willow	Applicable rate	↓	Nil
Precious Stones and Metals			
⇒ Gold used in the manufacture of semiconductor devices or light emitting diodes	Nil	↑	12.50%
⇒ Rubies, emeralds, sapphires – unset and imported uncut	Nil	↑	0.50%
⇒ Rough coloured gemstones	Nil	↑	0.50%
⇒ Rough semi-precious stones	Nil	↑	0.50%
⇒ Pre-forms of precious and semi-precious stones	Nil	↑	0.50%
⇒ Rough synthetic gemstones	Nil	↑	0.50%
⇒ Rough cubic zirconia	Nil	↑	0.50%
⇒ Polished Cubic Zirconia	5%	↑	7.50%
⇒ Platinum or Palladium used in manufacture of- a) All goods, including Noble Metal Compounds and Noble Metal Solutions [2843]	12.50 %	↓	7.50%

2020-21

b) Catalyst with precious metal or precious metal compounds as the active substance [3815 12]			
⇒ Spent Catalyst/Ash containing precious metal like gold from which such precious metal is retrieved subject to specified conditions.	12.50 %	↓	11.85%
<i>Machinery</i>			
⇒ Goods specified in List 10 of Notification No. 50/2017 – Customs dated 30.6.2017, required for use in high voltage power transmission project	5%	↑	7.50%
⇒ Rotary tillers/weeder	2.50%	↑	7.50%
⇒ Goods specified in List 14 of Notification No. 50/2017 – Customs dated 30.6.2017, required for construction of road like paver finisher, machines for filling up cracks in roads, mobile bridge inspection units etc.	Nil	↑	Applicable BCD
⇒ Motors like Single Phase AC motors, Stepper motors, Wiper Motors etc.	7.50%	↑	10%
<i>Electronic goods, parts thereof</i>			
⇒ Copper and articles thereof used in manufacturing of specified electronic items	Nil	↑	Applicable BCD
⇒ Specified Chargers and power adapters	Applicable BCD	↑	20%
⇒ PCBA of Cellular mobile phones (with effect from 01.04.2020)	10%	↑	20%
⇒ Fingerprint readers for use in Cellular mobile phones	Nil	↑	15%
⇒ Vibrator/Ringer of Cellular mobile phones (with effect from 01.04.2020)	Nil	↑	10%
⇒ Display Panel and Touch Assembly of Cellular mobile phones (with effect from 01.10.2020)	Nil	↑	10%
⇒ Headphones and Earphones	Applicable BCD	—	15%

⇒ Following parts of Microphone for use in manufacture of Microphone namely, a) Microphone cartridge b) Microphone holder c) Microphone grill d) Microphone body etc.	10%	↓	Nil
⇒ Micro-fuse base, sub-miniature fuse base, Micro-fuse Cover and sub-miniature fuse cover for use in manufacture of micro fuse and sub-miniature fuse.	7.50%	↓	Nil
<i>Automobile and automobile parts</i>			
⇒ Noble metal solutions and noble metal compounds used in manufacture of catalytic converter and their parts	5%	—	Applicable BCD
⇒ Platinum or Palladium used in manufacturing of catalytic converter and their parts	5%	—	Applicable BCD
⇒ Parts of catalytic converter for manufacture of catalytic converters ⇒ The following goods for use in the manufacture of catalytic converters and its parts, namely: - (1) Raw substrates (ceramics) (2) Wash coated substrates (ceramics) (3) Raw substrates (metal) (4) Wash coated substrates (metal) (5) Stainless steel wire cloth stripe ⇒ Wash coats	5%	↑	7.50%
⇒ Completely Built Units (CBUs) of commercial vehicles (other than electric vehicles) (w.e.f. 01.04.2020)	30%	↑	40%
⇒ Completely Built Units (CBUs) of commercial electric vehicles (w.e.f. 01.04.2020)	25%	↑	40%

⇒ Semi Knocked Down (SKD) forms of electric passenger vehicles (w.e.f. 01.04.2020)	15%	↑	30%
⇒ Semi Knocked Down (SKD) forms of electric vehicles- Bus, trucks and Two Wheelers (w.e.f. 01.04.2020)	15%	↑	25%
⇒ Completely Knocked Down (CKD) forms of electric vehicles - Passenger vehicles, Three wheelers, Two wheelers, Bus and Trucks (w.e.f. 01.04.2020)	10%	↑	15%
<i>Defence sector</i>			
⇒ Exemption from import duty for specified military equipment, when imported by Defense PSUs and other PSUs for defence forces.	As applicable	↓	Nil

The benefit of Basic Custom Duty exemption is being withdrawn from Notification No. 50 / 2017 - Customs dated 30.6.2017 by omitting following entries:

S. No. of Notification No 50/2017- Customs	Description
5	⇒ Tuna bait [0303]
7	⇒ Goods upto an aggregate of ten thousand metric tonnes of total imports of Milk and cream, in powder, granules or other solid form in a financial year. [040210, 04022100]
7A	⇒ Whey, concentrated, evaporated or condensed, liquid or semi-solid [0404 10 10]
7B	⇒ Other Whey [0404 90 00]

8	⇒ Butter Ghee, Butter Oil [0405]
9.	⇒ Other cheese [0406 90 00]
10	⇒ Pancreas (Products of animal origin, not elsewhere specified) [Chapter 5]
11	⇒ Conch shell [0508 00]
18	⇒ Bulbs or tubers, other live plants [0601 or 0602]
36	⇒ All goods other than meslin or wheat [1001]
38	⇒ Meslin [1001]
40	⇒ Maize upto an aggregate of five lakh metric tonnes of total imports of such goods in a financial year [1005 90 00]
47	⇒ Sugar beet seeds [1209 10 00]
56	⇒ Edible oils [1508, 1512, 1513, 1514,1515 or 1511 10]
58	⇒ Refined vegetable oils of edible grade, in loose or bulk form (other than palm oil) [chapter 15]
59	<p>⇒ Vegetable oils of edible grade, in loose or bulk form (other than those specified against S. No. 58 and palm oil), imported for the manufacture of oil commonly known as “Vanaspati” or for refining.</p> <p><i>Explanation.</i> -The expression “Vegetable oil” means-</p> <p>(a) in the case of cottonseed oil, oil having a free fatty acid content of at least 0.2%; and</p> <p>(b) in the case of any other vegetable oil, oil with free fatty acid content of at least 0.5%. [15]</p>
68	⇒ Crude sunflower seed or safflower oil upto an aggregate of one lakh and fifty thousand metric

	tonnes of total imports of such goods in a financial year [1512 11]
69	⇒ Crude sunflower seed or safflower oil other than those specified against S. No. 68 [1512 11]
72	⇒ Refined rape, colza or mustard oil upto an aggregate of one lakh and fifty thousand metric tonnes of total imports of such goods in a financial year [1514 19 or 1514 99]
78	⇒ Margarine, animal or vegetable oils of edible grade [1517 or 1518]
83	⇒ Glycerol, crude; glycerol waters and glycerol lyes, (other than crude glycerin) [1520 00 00]
88A	⇒ Raw Sugar upto an aggregate of three lakh metric tonnes of total imports of such goods. Provided that the import of raw sugar in physical form is completed within sixty (60) days from the date of issue of the Tariff Rate Quota Allocation Certificate or license by Directorate General of Foreign Trade (DGFT) to the importer. Provided further that the importer shall convert the raw sugar into white/ refined sugar within a period, not exceeding thirty (30) days, from the date of filing of bill of entry or the date of entry inwards, whichever is later [1701]
89	⇒ Dextrose Monohydrate [1702]
92	⇒ Molasses resulting from extraction or refining of sugar [1703]
93	⇒ Chewing gum whether or not sugar coated [1704 10 00]
94	⇒ Food preparations, for infant use and put up for retail sale, of- (i) goods of headings 0401 to 0404, containing cocoa calculated on a totally defatted basis, in a proportion by weight of 5% or more but less than 10%; or (ii) flour, meal, starch or malt extract containing

	cocoa calculated on a totally defatted basis, in a proportion by weight of 40% or more but less than 50%. [1806 90]
95	⇒ Preparations for infant use put up for retail sale [1901 10]
98	⇒ preserved potatoes [2004 10 00]
99	⇒ Peanut Butter [2008 11 00]
105	⇒ Wine, for use as sacramental wine [2204]
108	⇒ Angostura bitters [2208]
113	⇒ Fin fish feed [2301 20, 2309 90 32, 2309 90 39]
115	⇒ Dietary soya fibre [2304]
148	⇒ Naphtha, when imported by Ratnagiri Gas and Power Private Limited (RGPPL), for use in generation of electricity in the power plants of Ratnagiri Gas and Power Private Limited (RGPPL) at Dabhol, District Ratnagiri, Maharashtra [2710]
149	⇒ Naphtha, when imported for generation of electrical energy by a generating company as defined in section 2(28) of the Electricity Act, 2003 (36 of 2003) to supply electrical energy or to engage in the business of supplying electrical energy [2701]
152	⇒ Propane, Butane [27111200, 27111300]
160	⇒ Electrical energy [2716 00 00]

170	⇒ Phosphoric acid, for the manufacture of fertilizers[28]
212	⇒ Japanese Encephalitis (JE) vaccine, imported by the Andhra Pradesh Government through UNICEF [30]
220	⇒ Kyanite salts, in a form indicative of their use for manurial purpose [31]
243	⇒ Isolated soya protein [3504]
244	⇒ Colour positive unexposed cinematographic film in jumbo rolls and colour negative unexposed cinematographic film in rolls of 400 feet and 1000 feet [37]
245	⇒ Instant print film [3701 20 00 or 3702]
246	⇒ Cinematographic films, exposed but not developed [3704]
247	⇒ Promotional material (like Trailers, making of film etc.) imported in the form of electronic promotion kits (EPK)/ beta cams (Any Chapter)
263	<p>⇒ The following polymers of ethylene, namely: -</p> <ol style="list-style-type: none"> 1. Low density polyethylene (LDPE), 2. Linear low-density polyethylene (LLDPE), 3. High density polyethylene (HDPE), 4. Linear medium density polyethylene (LMDPE), 5. Linear high-density polyethylene (LHDPE) [3901]
264	⇒ All goods other than poly iso-butylene [3902]
266	⇒ All goods [3903]

274	⇒ Compostable polymer or bio-plastic used in the manufacture of bio degradable agro mulching films, nursery plantation pots and flower pots [39139090]
275	⇒ Water blocking tape for use in the manufacture of insulated wires and cables falling under heading 8544 (except sub-heading 8544 11) [3919 90 90]
278	⇒ Subbed polyester base, imported by M/s Hindustan Photo Films Manufacturing Company Limited, Udhagamandalam for the manufacture of medical or industrial X- ray films and graphic art films [3920]
286	⇒ Patent leather [4114 2010]
287	⇒ Raw furskins [4301], tanned and dried furskins [4302]
386	⇒ Lead bars, rods, profiles and wire [7806]
388	⇒ Zinc tubes, pipes and tube or pipe fittings [7907]
389	⇒ Tin plates, sheets and strip, of a thickness exceeding 0.2 mm; tin foil (whether or not printed or backed with paper, paperboard, plastics or similar backing materials), of a thickness (excluding any backing) not exceeding 0.2 mm; tin powders and flakes [8007]
398	⇒ Parts and components of the goods specified in List 10 required for use in high voltage power transmission project [Any chapter]
401	<p>⇒ All items of equipment including machinery and rolling stock, procured by or on behalf of Delhi Metro Rail Corporation Ltd. for use in-</p> <p>(i) Delhi MRTS Project Phase-I; and</p> <p>(ii) Specified corridors of Delhi MRTS Project Phase-II, comprising of the following, namely: -</p> <p>a) Vishwavidyalaya- Jahangirpuri;</p>

	<ul style="list-style-type: none"> b) Central Secretariat-QutabMinar (via All India Institute of Medical Sciences); c) Shahdara- Dilshad Garden; d) Indraprastha-New Ashok Nagar; e) Yamuna Bank-AnandVihar-Inter State Bus Terminus; and f) Kirti Nagar-Mundka (along with operational Link to Shahdara- Rithala corridor) (Any Chapter)
412	⇒ Goods specified in List 15 required for construction of roads [84 or any other chapter]
447	<p>⇒ The following goods required for manufacture of Optical disk drives (ODD), namely: -</p> <ul style="list-style-type: none"> (i) Pick up assembly (ii) Digital signature procession integrated circuit (iii) DC motor (iv) LDO voltage regulator [84 or Any other Chapter]
456	<p>⇒ The following goods, namely: -</p> <ul style="list-style-type: none"> (i) Sprinklers and drip irrigation systems for agricultural and horticultural purposes; (ii) Micro Irrigation equipment [8424]
457	⇒ Disc harrows [8436 21 00]
459	⇒ Parts for manufacture of printers falling under sub heading 8443 32 (except 8443 99 51, 8443 99 52, 8443 99 53) [8443]
465	⇒ CD -Writers [8471]
474	⇒ MP3 or MP4 or MPEG 4 player with or without radio or video reception facility [85]

483	⇒ One set of pre-recorded cassettes accompanying books for learning languages and essential complement to such books/. [85]
484	⇒ Audio cassettes, if recorded with material from books, newspaper or magazines, for the blind [85]
515	⇒ Colour television picture tubes for use in the manufacture of cathode ray televisions [8540 11]

The Customs duty exemptions for the following notifications are being withdrawn:

Notification No.	Notification Subject
13/2010- Customs dated 19.2.2010	⇒ Exemption to import of goods in relation to Commonwealth Games, 2010
73/1999- Customs dated 8.6.1999	⇒ Exemption to import by Power Grid Corporation of India for the setting up of Rihand- Sasaram-Biharshariff HV DC Link Back to Back Station Project
205/1992- Customs dated 19.5.1992	⇒ Exemption to imports under Advance Customs Clearance Permit
105/1999- Customs dated 10.8.1999	⇒ Exemption under SAARC Preferential Trade Agreement
56/2006- Customs dated 7.6.2006	⇒ Exemption from Special additional duty to specified goods produced in Nepal
22/2003- Customs dated 4.2.2003	<p>⇒ This notification provides exemption to wool or woollen fabrics by Red Cross and Paper Money.</p> <p>[The entry related to Red Cross has been merged in notification No. 148/1994 – Customs dated 13.7.1994 and exemption to paper money will now be granted through notification No. 50/2017-Customs dated</p>

	30.6.2017. Accordingly, the notification No. 22/2003-Customs is being rescinded.]
22/2007- Customs dated 1.3.2007	⇒ Preferential rates on certain CTH
14/2004- Customs dated 8.1.2004	⇒ Water supply projects for industrial use exempted under Project Imports. This exemption will now be available through notification No. 50/2017 – Customs dated 30.6.2017

Amendments in Customs Tariff Act, 1975 (hereinafter referred as “CTA”)

- ⇒ Section 8B of the CTA is being substituted so as to empower the Central Government to apply safeguard measures, in case any article is imported into India in such increased quota (i.e., quantities) and under such conditions so as to cause or threatening to cause serious injury to domestic industry. **[Clause 114]**

CHANGES UNDER THE FIRST SCHEDULE TO THE CUSTOMS TARIFF ACT, 1975 WITH RESPECT TO BASIC CUSTOMS DUTY RATES PERTAINING TO THE FOLLOWING COMMODITIES [Effective from 02 February 2020]

COMMODITIES	Rate (%)		
	From	↑↓	To
Food processing			
⇒ Walnuts, shelled	30%	↑	100%

Chemicals			
⇒ Other Chemical products and preparations of the chemical or allied industries, not elsewhere specified	10%	↑	17.50%
Footwear			
⇒ Footwear	25%	↑	35%
⇒ Parts of footwear	15%	↑	20%
Household Items			
⇒ Tableware, kitchenware, water filters (of a capacity not exceeding 40 litres) and other household articles, of porcelain or china.	10%	↑	20%
⇒ Ceramic table- ware, kitchen-ware, clay articles and other household articles	10%	↑	20%
⇒ Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading 7010 or 7018)	10%	↑	20%
⇒ Table kitchen or other household articles and parts thereof, of iron or steel, iron or steel wool; pot scourers and scouring or polishing pads, gloves and the like, of iron or steel, including pressure cookers pans utensils, misc articles such as iron & steel wool, polishing pads, gloves etc.	10%	↑	20%
⇒ Table, kitchen or other household articles and parts thereof, of copper; pot scourers and scouring or polishing pads, gloves and the like, of copper.	10%	↑	20%

⇒ Table, kitchen or other household articles and parts thereof, of aluminum; pot scourer and scouring or polishing pads, gloves and the like, of aluminum.	10%	↑	20%
⇒ Padlocks and locks (key, combination or electrically operated) of base metal; clasps and frames with clasps, incorporating locks of base metals; keys for any of the foregoing articles, of base metals (other than lock of a kind used for automobiles.)	10%	↑	20%
⇒ Brooms, brushes, hand operated mechanical floor sweepers, not motorized, mops and feather dusters; prepared knots and tufts for broom or brush making; paint pads and rollers; Squeegees (other than roller squeegees).	10%	↑	20%
⇒ Hand sieves and hand riddles.	10%	↑	20%
⇒ Combs, hair-slides and the like, hairpins curling pins, curling grips, hair curlers and the like, other than those of heading 8516 and parts thereof.	10%	↑	20%
⇒ Vacuum flasks and other vacuum vessels, complete with cases; parts thereof other than glass inners	10%	↑	20%
<i>Household appliances</i>			
⇒ Table Fans	10%	↑	20%
⇒ Ceiling Fans	10%	↑	20%
⇒ Pedestal Fans	10%	↑	20%
⇒ Blowers, Portable	10%	↑	20%
⇒ Food Grinders	10%	↑	20%
⇒ Other grinders and Mixer	10%	↑	20%
⇒ Other Appliances	10%	↑	20%
⇒ Shavers	10%	↑	20%

⇒ Hair Clippers	10%	↑	20%
⇒ Hair-removing appliances	10%	↑	20%
⇒ Water heaters and immersion heaters	10%	↑	20%
⇒ Storage heating radiators	10%	↑	20%
⇒ Other electrical space heating apparatus	10%	↑	20%
⇒ Hair Dryers	10%	↑	20%
⇒ Other hair dressing apparatus	10%	↑	20%
⇒ Hand Drying apparatus	10%	↑	20%
⇒ Electric smoothing irons	10%	↑	20%
⇒ Other ovens, cookers, cooking plates, boiling rings, grillers and roasters	10%	↑	20%
⇒ Coffee and Tea Makers	10%	↑	20%
⇒ Toasters	10%	↑	20%
⇒ Electro-thermic fluid heaters	10%	↑	20%
⇒ Electrical or electronic devices for repelling insects	10%	↑	20%
⇒ Other electro-thermic appliances used for domestic purposes	10%	↑	20%
⇒ Electric heating resistors	10%	↑	20%
Precious Metals			
⇒ Coin (of precious metal)	10%	↑	12.50%
Machinery			
⇒ Railway Carriage fans	7.50%	↑	10%

⇒ Other fans with a self-contained electric motor not exceeding 125W	7.50%	↑	20%
⇒ Air Circulator	7.50%	↑	10%
⇒ Industrial fans blowers and similar blowers	7.50%	↑	10%
⇒ Other industrial fans	7.50%	↑	10%
⇒ Compressor of Refrigerator and Air conditioner	10%	↑	12.50%
⇒ Pressure vessels	7.50%	↑	10%
⇒ Commercial type combined refrigerator freezers, fitted with separate external doors	7.50%	↑	15%
⇒ Commercial freezer of chest type, not exceeding 800lt capacity	7.50%	↑	15%
⇒ Other chest type freezers	10%		15%
⇒ Electrical freezers of upright type, not exceeding 800 litre capacity	7.50%	↑	15%
⇒ Other freezers of upright type, not exceeding 800 litre capacity	7.50%	↑	15%
⇒ Refrigerating or freezing display counters, cabinets, show- cases and the like	7.50%	↑	15%
⇒ Heat pumps other than ac machines	7.50%	↑	15%
⇒ Ice making machinery	7.50%	↑	15%
⇒ Water cooler	10%		15%
⇒ Vending machine, other than automatic	10%		15%
⇒ Refrigerating equipment/devices used in leather industry	7.50%	↑	15%
⇒ Refrigerated farm tanks, industrial ice cream freezer	7.50%	↑	15%
⇒ Others [like freezers of capacity 800 litres and more etc.]	7.50%	↑	15%
⇒ Welding and Plasma cutting machines	7.50%	↑	10%
Other Electronic goods			
⇒ Static Converters	15%	↑	20%
⇒ Dip bridge rectifier	10%	↑	20%

⇒ Populated, loaded or stuffed printed circuit boards	10%	↑	20%
Automobile and automobile parts			
⇒ Catalytic Converter	10%	↑	15%
Furniture Goods			
⇒ Seats and parts of seats (other than aircraft seats and their parts)	20%	↑	25%
⇒ Other Furniture and parts	20%	↑	25%
⇒ Mattress supports; Articles of bedding and similar furnishing	20%	↑	25%
⇒ Lamps and lighting fittings including searchlights and spotlights and parts thereof; Illuminated signs, illuminated name plates and the like, having a permanently fixed light source, and parts thereof except solar lantern and solar lamps.	20%	↑	25%
Toys			
⇒ Tricycles, scooters, pedal-cars and similar wheeled-toys; dolls' carriages; dolls; other toys; reduced-size ("scale") models and similar recreational models, working or not; puzzles of all kinds	20%	↑	60%
Stationary items			
⇒ Filing, cabinets, card-index cabinets, paper-trays, paper rests, pen trays, office-stamp stands and similar office or desk equipment, of base metal, other than office furniture of heading 9403	10%	↑	20%
⇒ Fittings for loose-leaf binders or files, letter clips, letter corners, paper clips, indexing tags and similar office articles, of base metal; staples in strips (for example, for offices, upholstery, packaging), of base metal	10%	↑	20%
⇒ Sign-plates, name-plates, address-plates and similar plates, numbers, letters and other symbols, of base metal, excluding those of heading 9405	10%	↑	20%

Miscellaneous			
⇒ Artificial Flowers	10%	↑	20%
⇒ Glass Beads	10%	↑	20%
⇒ Bells, gongs, statuettes, trophies and like, non-electric of base metal; statuettes and other ornaments of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal.	10%	↑	20%

NEWLY INSERTED ENTRIES TO THE FIRST SCHEDULE TO THE CUSTOM TARIFF ACT, 1975

Description of Goods	Rate of duty	
	Tariff Rate	Effective Rate
Chapter - 84 (Table, floor, wall, window, ceiling or roof fans, with a self-contained electric motor of an output not exceeding 125 W)		
Walls	20%	20%
Others	20%	20%
Chapter 85 (Parts suitable for use solely or principally with the apparatus of heading 8525 to 8528)		
Open cell for television set	15%	0%
Solar cells, net assembled	20%	0%
Solar cells, assembled in modules or made up into panels	20%	0%

EXCISE

THE SEVENTH SCHEDULE TO THE FINANCE ACT, 2001 HAS BEEN SUBSTITUTED WITH FIFTH SCHEDULE OF THE FINANCE BILL, 2020. THE SCHEDULE HAS BEEN REVIEWED FOR LEVY OF NATIONAL CALAMITY CONTINGENT DUTY (“NCCD”) ON THE FOLLOWING ITEMS [The amendment will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931]: -

COMMODITIES	RATE OF DUTY / INR		
	From	↑↓	To
<i>Cigarettes and related products</i>			
⇒ Other than filter cigarettes, of length not exceeding 65 millimeters	INR 90 per thousand	↑	INR 200 per thousand
⇒ Other than filter cigarettes, of length exceeding 65 millimeters but not exceeding 70 millimeters	INR 145 per thousand	↑	INR 250 per thousand
⇒ Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) not exceeding 65 millimeters	INR 90 per thousand	↑	INR 440 per thousand
⇒ Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) exceeding 65 millimeters but not exceeding 70 millimeters	INR 90 per thousand	↑	INR 440 per thousand

⇒ Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) exceeding 70 millimeters but not exceeding 75 millimeters	INR 145 per thousand	↑	INR 545 per thousand
⇒ Other (Cigarettes containing tobacco)	INR 235 per thousand	↑	INR 735 per thousand
⇒ Cigarettes of tobacco substitutes	INR 150 per thousand	↑	INR 600 per thousand
⇒ Hookah or gudaku tobacco	10%	↑	25%
⇒ Smoking mixtures for pipes and cigarettes	45%	↑	60%
⇒ Other smoking tobacco	10%	↑	25%
⇒ “Homogenised” or “reconstituted” tobacco	10%	↑	25%
⇒ Chewing tobacco	10%	↑	25%
⇒ Preparations containing chewing tobacco	10%	↑	25%
⇒ Jarda scented tobacco	10%	↑	25%
⇒ Snuff	10%	↑	25%
⇒ Preparations containing snuff	10%	↑	25%
⇒ Tobacco extracts and essence	10%	↑	25%

OTHER MISCELLANEOUS CHANGES

HEALTH CESS ON IMPORTED MEDICAL DEVICES

- ⇒ A Health Cess is being imposed vide the Finance Bill, 2020 on the import of medical devices at the rate of 5% ad valorem on the import value of such goods as determined under Section 14 of the Customs Act, 1962.
- ⇒ Health Cess shall not be imposed on medical devices which are exempt from Basic Customs Duty. Further, inputs/ parts used in the manufacture of medical devices will also be exempt from Health Cess. Export Promotion scrips shall not be used for payment of said Cess. This Health Cess shall be a duty of Customs. Further, the proceeds of Health Cess shall be used by the Union for funding of health infrastructure in the Country. (Clause 139)

ANTI-DUMPING DUTY/COUNTERVAILING DUTY

- ⇒ Anti-Dumping Rules provides for manner and procedure for investigation into dumping of goods that cause injury to domestic industry. These rules also provide for investigation into cases of circumvention of antidumping duty by the exporters of subject goods to India. Changes are being made in the Rules to strengthen the anti-circumvention measures by making them more comprehensive and wider in scope to take care of all types of circumventions of antidumping duty in line with best international practice. Certain other changes are being made in these Rules for bringing clarity in the scope of these rules.
- ⇒ The Countervailing Duty Rules provide for manner and procedure for causing investigation into the cases of imports of subsidized goods that cause injury to domestic industry. Currently, the Countervailing Duty Rules do not have any mechanism for imposition of countervailing duty in case of circumvention of these measures. A provision is being incorporated in the countervailing Duty Rules to enable investigation into the case of circumvention of countervailing duty for enabling imposition of such duty. Certain other changes are being made for bringing clarity in the Rules.

⇒ Revocation of Anti-dumping duty on import of Purified Terephthalic Acid originating in or exported from:-

- (i) South Korea and Thailand imposed vide notification No. 28/2019-Customs (ADD) dated 24.7.2019
- (ii) China, Iran, Indonesia, Malaysia and Taiwan imposed vide notification No. 28/2016-Customs (ADD) dated 5.7.2016.

SOCIAL WELFARE SURCHARGE

Social Welfare Surcharge is being exempted on following items:

- ⇒ Walnuts, in shell
- ⇒ Walnuts, shelled
- ⇒ Wheat and Meslin
- ⇒ Maize
- ⇒ Chewing Gum, whether or not sugar coated
- ⇒ Preparations suitable for infant or young children, put up for retail sale.
- ⇒ Orange Juice, Frozen
- ⇒ Orange Juice, not frozen, or a Brix value not exceeding 20
- ⇒ Orange Juice, Other
- ⇒ Marble and travertine slabs
- ⇒ Tiles, cubes and similar articles, whether or not rectangular (including square), the largest surface area of which is capable of being enclosed in a square the side of which is less than 7 cm; artificially coloured granules, chippings and powder, other monumental or building stone and articles thereof, simply cut sawn with a flat even surface
- ⇒ Marble blocks/tiles
- ⇒ Marble monumental stone
- ⇒ Other tiles, cubes and similar articles
- ⇒ Marble, travertine and alabaster
- ⇒ Other calcareous stone
- ⇒ All commercial vehicles (including electric vehicles), if imported or completely built unit (CBU).

OTHER CHANGES (INCLUDING CERTAIN CLARIFICATIONS/ TECHNICAL CHANGES)

- ⇒ *BCD on dyed woven fabric of yarn containing 85% or more by weight of textured polyester filaments, under tariff sub-heading “5407 52” has been prescribed by S. Nos. 47 and 48 of notification No. 14/2006-Customs dated 1st March, 2006. S. No. 31A of notification No. 82/2017-Customs dated 27th October, 2017 also prescribes rate on this item. This entry is being omitted.*
- ⇒ *Technical changes of clarificatory nature are being made in Condition No. 78 so as to make it consistent with entry at S. No. 539 of notification No. 50/2017-Customs dated 30.06.2017. The said S. No. 539 deals with export of ground equipment imported for testing the satellite or payload, within a period of six months.*
- ⇒ *A separate new condition (No. 107) is being incorporated for S. No. 539A, which deals with Scientific and Technical instruments, apparatus, equipments for launch of vehicle and satellite and payloads.*
- ⇒ *Entry at S.No. 28 of notification No. 50/2017-Customs dated 30.6.2017 is being amended to retain only tariff item 0802 90 00 in it. The other goods hitherto covered in this entry have the same tariff hence do not require inclusion in this entry.*
- ⇒ *Import of Bamboo for use in the manufacture of Agarbatti attracts concessional rate of 10% under Entry at S.No. 28 of notification No. 50/2017-Customs dated 30.6.2017. This concession shall henceforth be subject to actual user condition.*
- ⇒ *S.No. 57 of notification No. 50/2017-Customs dated 30.6.2017 (prescribing effective rate on certain edible oils) is redundant as these goods are covered in certain other entries with lower applicable rates. Hence this entry is being omitted.*
- ⇒ *Goods falling under heading 2801, 2802, 2803, 2804, 2805 and 2814 attracts 5% BCD by Tariff. However, S.No. 169 of notification No. 50/2017-Customs dated 30.6.2017 prescribes a BCD rate of 7.5%. This entry is being amended to remove this inconsistency.*
- ⇒ *Phosphoric acid attracts 5% BCD vide S. Nos. 170 (a conditional exemption) and 177 of notification No. 50/2017-Customs dated 30.6.2017. S. No. 170 is being omitted, being redundant.*

- ⇒ S. No. 266 of notification No. 50/2017-Customs dated 30.6.2017 provides 7.5% BCD for goods falling under heading 3903. S. No. 262 is being amended to include heading 3903 so as to provide 7.5% BCD on goods of heading 3903. Accordingly, the redundant entry at S.No. 266 is being omitted.
- ⇒ S.No. 578 of the notification No. 50/2017-Customs, dated the 30th June, 2017 provides BCD exemption on assistive devices, rehabilitation aids and other goods for disabled as mentioned in List 30 to the said notification. The item at S. No. E(9) in this list is being amended to remove ambiguity about its scope. The intention has been to cover only such items which are for use of the disabled.
- ⇒ S.No. 408 (and Condition 51) of the notification No. 50/2017-Customs, dated the 30th June, 2017 provides concessional BCD rate of 5% on item for renovation and modernization of Fertilizer plants. It requires a techno-economic clearance from Department of Fertilizer. The Condition No. 51 is being amended so as to remove this requirement.

DISCLAIMER

The current document is a private document for the benefit of our clients. Please note that this is only a summary of the budget changes in respect of Indirect Taxes. It is advisable to seek specific legal opinion on any particular provision or changes from experts.

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