

# UNION BUDGET 2021

## Indirect Taxation EMPHASIS



**Customs**



## **Background**

Similar to the common portal under GST, the concept of common portal under Customs has also been introduced i.e., Common Customs Electronic Portal\* has been introduced in Customs System.<sup>1</sup>

Such Electronic Portal will facilitate registration, filing of bills of entry, shipping bills or any other documents or form, payment of duty and for carrying out such other functions and for such purposes as may be prescribed.

## **Points To Remember**

- Notices, orders, summons etc. may also be served on the common portal.<sup>2</sup>
- Miscellaneous provisions<sup>3</sup> of Customs Act, 1962 has been amended to include Common Customs Electronic Portal.
- Customs Act has been amended to include definition of “Common Portal”<sup>4</sup>
- The Proper officer can amend documents electronically through the customs automated system subject to the specific safeguards.<sup>4</sup>
- Importers and exporters are also permitted to make the specified amendments on the common portal.

1. Section 154C of Customs Act, 1962 & Section 153(1)(ca) of Customs Act, 1962.

2. Chapter X VII of Customs Act, 1962.

3. Section 2(7B) of Customs Act, 1962 & Section 149 of Customs Act, 1962.

\*changes proposed will be effective from the date president gives assent to Finance Bill.

# Presentation of Bill of Entry



## **New Requirements**

The Bill of Entry would be required to be mandatorily filed one day prior to the arrival of conveyance (including holiday).\* However, the Board can provide different time limit in certain cases, which shall not be later than the end of the day on which goods have arrived in India.

## **Earlier Provisions**

Previously, the bill of entry was required to be presented within 30 days before the expected arrival time of the aircraft or vessel or vehicle by which the goods have been shipped for importation into India, which shall not be later than the end of the next day following the day (excluding holidays) on which aircraft, vessel or vehicle carrying the goods arrives at a Customs Station at which goods are to be cleared for home consumption or warehousing.

## **BTA Comment**

Earlier also filing of Bill of Entry within 24 hours was creating issues to the trade due to imposition of late fees for non filing of BOE within stipulated time. Therefore, the requirement to present BOE prior to arrival of cargo would require best practices to be adopted.

**Disclaimer:-** Handling of consignment by non professional logistic team or their CHA would lead to unnecessary complications.

\*changes proposed will be effective from the date president gives assent to Finance Bill.

# Changes in Anti-Dumping & Countervailing Duty



Following amendments\* is being proposed by Finance Bill 2021 in the provisions relating to ADD<sup>1</sup>, CVD<sup>2</sup> and Safeguard Measures<sup>3</sup> :-

1. In case of circumvention of ADD/CVD, the same can be Imposed retrospectively from the date of initiation of anti-circumvention investigation.
2. Introduction of anti-absorption provisions to counter the situation where, by reduction of export prices or otherwise , the ADD and CVD levied is sought to be absorbed, diluting the intended impact of such ADD/CVD. The Govt can modify the duty to counter the effect of such absorption.
3. The ADD/CVD shall not apply to unit in SEZ or 100% EOU, unless the goods imported are used to manufacture the products which are cleared into Domestic Tariff Area(DTA).
4. The time for the imposition of ADD/CVD was for a fixed period of 5 Years , henceforth the said term has been limited to 5 years.
5. In case of temporarily revocation of ADD/CVD, such revocation shall not exceed 1 year at a time.
6. In case of investigation in review proceedings, final findings on ADD/CVD are to be issued by designated authority, at least three months prior to expiry of ADD/CVD under review.
7. Customs Tariff Act<sup>3</sup> has been amended to include some technical changes.
8. Changes has been made in manner and procedure for causing investigation into the cases of imports in increased quantity causing injury to domestic market.

1. Section 9A of the Custom Tariff Act

2. Section 9 of the Custom Tariff Act

3. Section 8B of the Custom Tariff Act

\*changes proposed will be effective from the date president gives assent to Finance Bill.

# ADD and CVD on Steel Products

ADD has been **permanently revoked** on import of **Cold-Rolled Flat products of stainless steel of width 600mm to 1250 mm of non bonafide usage** originating in or exported from PR China, Korea RP, European Union, South Africa, Taiwan, USA .

Anti-Dumping duty and Countervailing duty has been **temporarily revoked** on the imports of followings item for the period 02.02.2021 to 30.09.2021.

Subject Goods/Subject Country	Notification Invoking ADD/CVD	Temporarily Revocation of duty from 02.02.2021 to 30.09.2021
Straight Length Bars and Rods of alloy-steel/ Originating or exported from PR China	Notification No. 54/2018-Cus (ADD) dated 18.10.2018.	Temporarily revocation of ADD.
High Speed Steel of Non-Cobalt Grade/ Originating in exported from Brazil or PR China	Notification No. 38/2019-Cus (ADD) dated 25.09.2019.	Temporarily revocation of ADD.
Flat rolled product of steel, plated or coated with alloy/ Originating in or exported from PR China, Korea and Veitnam	Notification No. 16/2020-Cus (ADD) dated 23.06.2020 & Notification No. 01/2017-Cus (CVD) dated 09.10.2020.	Temporarily revocation of ADD and CVD both. <b>Note:- Provisional CVD has been permanently revoked on the subject goods originating in or exported from Indonesia.</b>

# Customs(IGCR) Rules, 2017-Amended

## Background

The Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 (herein after referred to as 'IGCR Rules, 2017') was introduced in June, 2017, wherein the importer who intends to avail the benefit of exemption notification issued under Customs Act and where the benefit of such exemption is dependent upon the use of the imported goods covered by that notification for the manufacture of any specific commodity or provision of service, has to submit the details prescribed therein in order to get the End User Certificate.

The aforesaid IGCR Rules, 2017 has been amended\* to provide the following facilities:-

1. Materials(except gold, jewellery and other precious metals) imported under IGCR Rules are allowed to be sent to job worker under prescribed procedure.
2. 100% out-sourcing for manufacture of goods on job work allowed.
3. To allow the importer to clear imported capital goods that have been used for the specified purpose on payment of differential duty, along with interest, on the depreciated value.

1. The depreciation norms would be the same as applied to EOU under FTP.

\*changes proposed will be effective from the date president gives assent to Finance Bill.

# Introduction of AIDC



Agriculture Infrastructure and Development Cess (AIDC) has been introduced on the goods specified in the First Schedule to the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), being the goods imported into India for the purpose of financing improvement in agriculture, infrastructure and other development expenditure by the government.

- The AIDC will be levied as duty of customs on import of specified goods and shall not exceed the rate prescribed under First Schedule to the Customs Tariff Act, 1975. It shall be calculated on the value of imported goods determined as per Customs Act, 1962.<sup>1</sup>
- SWS would be levied on AIDC. However exemption from SWS has been given with respect to AIDC on gold and silver.
- Goods imported under customs duty exemption available under FTA, Advance Authorization Scheme are exempted from AIDC.
- **AIDC shall come into force with effect from 02.02.2021.**



# Social Welfare Surcharge (SWS)



Social Welfare Charge has been reviewed on various items. Following changes are suggested in the proposed Budget\*:-

1. Revocation of SWS charged at the rate of 3% on gold and silver along with other items vide Notification No. 12/2018-Customs dated 02.02.2018.
2. Revocation of SWS on Marble and Travertine and on Block of Marbles under Chapter Head 251511 and 251512 respectively.
3. Exemption from SWS on the value of AIDC imposed on gold and silver. Therefore, these items would attract SWS at normal rate, only on the value plus basics customs duty.

\*changes proposed will be effective from the date president gives assent to Finance Bill.

- Time period of 2 years has been prescribed for completion of any inquiry or investigation culminating into the issuance of notice from the date of initiation of audit, search, seizure or summons, which may be extended by another one year by Principal Commissioner or Commissioner of Customs on sufficient cause been shown.<sup>1</sup>
- Henceforth, any new conditional exemption notification shall be valid for 2 years ending 31<sup>st</sup> March from the date notified. Further, existing conditional exemption shall be valid up to 31.03.2023.<sup>2</sup>
- Penalty up to 5 times the amount of refund to be levied under Customs in cases where input tax credit under GST is claimed on the basis of fraudulent invoices and the same is utilised for the payment of integrated tax on exports. This penalty will be in addition to penalty imposed under GST.
- In case of seizure of gold, Commissioner (Appeals) having jurisdiction, has been empowered to certify the correctness of the inventory of gold seized for further disposal by proper officer.
- Power has been granted to confiscate any goods which has entered for exports under which wrongful claim of remission or refund of any duty/tax levy under Customs Act, 1962 or any other law.

\*changes proposed will be effective from the date president gives assent to Finance Bill.

# Customs Tariff Amendments



## Vegetable Products

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	0713 10	Peas (Pisum sativum)	50	10	40	50
2.	0713 20 10	Kabuli Chana	70	10	30	40
3.	0713 20 20	Bengal Gram (desichana)	70	10	50	60
4.	0713 20 90	Chick Peas (garbanzos)	70	10	50	60
5.	0713 40 00	Lentils (Mosur)	50	10	20	30
6.	0808 10 00	Apples	75	15	35	50

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



## Animal or Vegetable Fats and their Cleavage Products Industries

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	1507 10 00	Crude Soya-bean oil	45	15	20	35
2.	1511 10 00	Crude Palm Oil	100	15	17.5	32.5
3.	1512 11 10	Crude Sunflower seed oil	100	15	20	35

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



## Prepared foodstuffs, beverages, spirits and

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	2204	All goods (Wine)	150	50	100	150
2.	2205	Vermouth and other wine of fresh grapes, flavoured	150	50	100	150
3.	2206	Other fermented beverages for example, Cider, Perry, Mead, sake, mixture of fermented beverages or fermented beverages and nonalcoholic beverages	150	50	100	150
4.	2208	All goods (Brandy, Bourbon whiskey, Scotch etc.)	150	50	100	150
5.	2207 20 00	Denatured Ethyl Alcohol (ethanol) for use in manufacture of excisable goods	2.5	5	-	5
6.	23	All goods except dog and cat food and shrimp larvae feed	Nil/ 5 / 10/ 15 / 20/ 30	15	-	15

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



## Minerals Industries

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	2528	Natural borates and concentrates thereof	Nil/5	2.5	-	2.5
2.	2701	Various types of coal	10	1.5	1.5	3
3.	2702	Lignite, whether agglomerated Or not	10	1.5	1.5	3
4.	2703	Peat, whether agglomerated Or not	10	1.5	1.5	3
5.	2710	Naphtha	4	2.5	-	2.5

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



## Chemical or Allied Industries

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	2803 00 10	Carbon Black	5	7.5	-	7.5
2.	2907 23 00	Bis-phenol A	Nil	7.5	-	7.5
3.	2910 30 00	Epichlorohydrin	2.5	7.5	-	7.5
4.	2933 71 00	Caprolactam	7.5	5	-	5
5.	3102 10 00	Urea	Nil	5	-	5
6.	3102 30 00	Ammonium nitrate	2.5	5	-	5
7.	31	Muriate of potash, for use as manure or for the production	Nil	5	-	5
8.	3105 30 00	Diammonium phosphate, for use as manure or for the production of complex fertilizers	Nil	5	-	5

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



## Plastic and Rubber Industries

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	3907 40 00	Polycarbonates	5	7.5	-	7.5
2.	3908	Nylon chips	7.5	5	-	5
3.	3920 99 99	Other plates, sheets, films, etc. of other plastics	10	15	-	15
4.	3925	Builder's ware of Plastics	10	15	-	15

## Leather Industries

1.	41	Wet blue chrome tanned leather, crust leather, finished leather of all kinds, including splits and sides of the aforesaid	Nil	10	-	10
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\* Effective from 02.02.21 unless other wise provided



# Customs Tariff Amendments



## Textile Industries

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	5002	Raw Silk (not thrown)	10	15	-	15
2.	5004, 5005, 5006	Silk yarn, yarn spun from silk waste (whether or not put up for retail sale)	10	15	-	15
3.	5201	Raw Cotton	Nil	5	5	10
4.	5202	Cotton waste (including yarn waste or garneted stock)	Nil	10	-	10
5.	5402, 5403, 5404, 5405 00 00, 5406, 5501 to 5510	Nylon Fibre and Yarn	7.5	5	-	5

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



## Gems and Jewellery Industries

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	7104	Cut and Polished Synthetic stones, including Cut and Polished Cubic Zirconia	10	15	-	15
2.	7106	Silver (including imports by eligible passengers)	12.5	7.5	2.5	10
3.	7106	Silver Dore	11	6.1	2.5	8.6
4.	7108	Gold (including imports by eligible passengers)	12.5	7.5	2.5	10
5.	7108	Gold Dore	11.85	6.9	2.5	9.4
6.	7107 00 00, 7109 00 00, 7111 00 00	Base metals or precious metals clad with precious metals	12.5	10	-	10
7.	7110	Other precious metals like Platinum, Palladium, etc.	12.5	10	-	10

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
8.	7112	Waste and scrap of precious metals or metals clad with precious metals	12.5	10	-	10
9.	7112	Spent catalyst or ash containing precious metals	11.85	9.17	2.5	11.67
10.	7113	Gold or Silver Findings	20	10	2.5	12.5
11.	7118	Coin	12.5	10	2.5	12.5

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



## Metal Industries

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	7204	Iron and steel scrap, including stainless steel scrap up to 31.03.2022	2.5	Nil	-	Nil
2.	7206 and 7207	Primary/Semi-finished products of non-alloy steel	10	7.5	-	7.5
3.	7208, 7209, 7210, 7211, 7212, 7225 (except 7225 11 00) and 7226(except 7226 11 00)	Flat products of non-alloy and alloy steel	10/12.5	7.5	-	7.5
4.	7213, 7214, 7215, 7216, 7217, 7221, 7222, 7223, 7227 and 7228	Long product of non-alloy, stainless and alloy steel	10	7.5	-	7.5

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
5.	7225	Raw materials for use in manufacture of CRGO steel [up to 31.03.2023]	2.5	Nil	-	Nil
6.	7404	Copper Scrap	5	2.5	-	2.5
7.	7318	Screw, bolts, nuts, etc. of iron and steel	10	15	-	15

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



## Machinery and Mechanical Appliances and Electrical Equipment

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	8414 30 00	Compressors of a kind used in refrigerating equipment	12.5	15	-	15
2.	8414 80 11	Compressors of a kind used in air conditioning equipment	12.5	15	-	15
3.	8414 40	Air compressors mounted on a wheeled chassis for towing	7.5	15		15
4.	8414 80 (except 8414 80 11)	Gas Compressors (other than of a kind used in air- conditioning equipment), free-piston generators for gas turbine, turbo charger and other compressors	7.5	15	-	15
5.	8430	Tunnel boring machines	Nil	7.5	-	7.5
6.	8431	Parts and components for manufacture of tunnel boring machines with actual-user condition	Nil	2.5	-	2.5

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
7.	8501 10 to 8501 53	Electric Motors	10	15	-	15
8.	7007	Safety glass, consisting of toughened (tempered) or laminated glass.  (All goods under this heading, other than those used with motor vehicles, will continue to attract the existing effective rate of BCD at 10%)	10	15	-	15
9.	8512 90 00	Parts of Electrical lighting and signaling equipment, windscreen wipers, defrosters and demisters, of a kind used for cycles or motor vehicles	10	15	-	15
10.	8544 30 00	Ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	10	15	-	15

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
11.	8536 41 00 and 8536 49 00	Relays	10	15	-	15
12.	8537	Boards, panels, consoles, etc. for electric control or distribution of electricity	10	15	-	15
13.	8544 (other than 8544 70 and 8544 30 00)	Specified insulated wires and cables	7.5	10	-	10
14.	8504 40	Solar Inverters	5	20	-	20

\* Effective from 02.02.21 unless other wise provided



# Customs Tariff Amendments



## IT, Electronics and Renewable Industries

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	8544 (other than 8544 70 and 8544 30 00)	Specified insulated wires and cables	7.5	10	-	10
2.	39, 74 and 85	Former, bases, bobbins, brackets; CP wires; P.B.T.; Phenol resin moulding powder; Lamination/ El silicon steel strips for use in manufacture of transformers (entry at S.No. 198 of 25/1999-Customs)	Nil	Applicable rate	-	Applicable Rate
3.	Any Chapter	Inputs or parts for manufacture of Printed Circuit Board Assembly (PCBA) of cellular mobile phone (w.e.f. 1.4.2021)	Nil	2.5	-	2.5

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
4.	Any Chapter	Inputs or parts for manufacture of camera module of cellular mobile phone (w.e.f. 1.4.2021)	Nil	2.5	-	2.5
5.	Any Chapter	Inputs or parts for manufacture of connectors of cellular mobile phone (w.e.f. 1.4.2021)	Nil	2.5	-	2.5
6.	Any Chapter	Inputs or raw material for manufacture of specified parts like back cover, side keys etc. of cellular mobile phone (w.e.f. 1.4.2021)	Nil	2.5	-	2.5
7.	Any Chapter	Inputs or raw material (other than PCBA and moulded plastics) for manufacture of charger or adapter of cellular mobile phones	Nil	10	-	10

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
8.	8504 90 90 or 3926 90 99	Moulded plastics for manufacture of charger or adapter	10%	15	-	15
9.	Any Chapter	Inputs or parts of Printed Circuit Board Assembly of charger or adapter of cellular mobile phones	Nil	10	-	10
10.	Any Chapter	Inputs or parts of Moulded Plastic of charger or adapter of cellular mobile phones	Nil	10	-	10
11.	Any Chapter	Inputs or raw materials (other than Lithium-ion cell and PCBA) of Lithium-ion battery or battery pack (w.e.f. 1.4.2021)	Nil	2.5	-	2.5

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
12.	Any Chapter	Parts or components of PCBA of Lithium-ion battery or battery pack (w.e.f. 1.4.2021)	Nil	2.5	-	2.5
13.	Any Chapter	Inputs or raw materials of following goods: - (i) Other machines capable of connecting to an automatic data processing machine or to a network (8443 32 90) (ii) Ink cartridges, with print head assembly (8443 99 51) (iii) Ink cartridges, without print head assembly (8443 99 52) (iv) Ink spray nozzle (8443 99 53) (w.e.f. 1.4.2021)	Nil	2.5	-	2.5

# Customs Tariff Amendments



Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
14.	Any Chapter	Inputs and parts of LED lights or fixtures including LED Lamps	5	10	-	10
15.	Any Chapter	Inputs for use in the manufacture of LED driver or MCPCB (Metal Core Printed Circuit Board) for LED lights or fixtures including LED Lamps	5	10	-	10
16.	9405 50 40	Solar lanterns or solar lamps	5	15	-	15
17.	9503	Parts of Electronic Toys for manufacture of electronic toys	5	15	-	15

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



## Optical, Photographic, Cinematographic, Measuring, Checking, Precision, Medical or Surgical Instruments and Apparatus

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	9031 80 00	Other instruments, appliances and machines	7.5	15	-	15
2.	9032 89	Electronic automatic regulators and other controlling instruments or apparatus	10	15	-	15

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



## Aviation and Medical Industries

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	9018-9022	Medical Devices imported by International Organization and Diplomatic Missions	Health Cess @ 5	Health Cess @ Nil	-	Health Cess @ Nil
2.	Any Chapter	Components or parts, including engines, for manufacture of aircrafts or parts of such aircrafts, by Public Sector Units under Ministry of Defence subject to condition specified.	2.5	0	-	0
3.	8714 91 00, 8714 92, 8714 93, 8714 94 00, 8714 95, 8714 96 00, 8714 99	All goods other than Bicycle parts and components	10	15	-	15

\* Effective from 02.02.21 unless other wise provided

# Customs Tariff Amendments



## Goods imported under Project Import Scheme

Sr. No	Tariff Heading	Description	Previous Rate of BCD(%)	Amended Rates		Total Effective Rate(%)
				BCD(%)	AIDC(%)	
1.	9801	High Speed Rail Projects being brought under project imports	Applicable Rate	5	-	5

High Speed Rail Projects are being included in list of projects to which Project Imports Scheme is applicable and National High Speed Rail Corporation Ltd. is being Nominated as **Sponsoring Authority** under Project Import Regulations 1986.



# Withdrawal of Exemptions



## Amendment in Notification No. 50/2017-Customs dated 30.06.2017

The **BCD exemption** hitherto available on certain entries are being withdrawn by omitting following entries i.e. serial no. 209, 230, 229 [w.e.f 1.4.2021], 311 [w.e.f 1.4.2021], 312 [w.e.f 1.4.2021], 313 [w.e.f 1.4.2021].

## Rescinding of certain exemption notification

Customs duty exemptions, including those which have been granted through certain other stand-alone notifications, have been rescinded, as mentioned below –

- **1/2011-Customs, dated the 6.1.2011** - Exemption to all items of machinery, instruments, appliances, components or auxiliary equipment for initial setting up of solar power generation project or facility
- **34/2017-Customs dated 30th June, 2017** - This notification provided exemption to tags or labels (whether made of paper, cloth, or plastic), or printed bags (whether made of polyethene, polypropylene, PVC, high molecular or high density polyethene) imported for fixing on articles for export or for the packaging of such articles
- **75/2017-Customs dated 13th September, 2017** - Exemption for goods imported for organizing FIFA Under-17 World Cup, 2017.

# Central Excise



# Central Excise Amendments



## Amendment in Chapter 27

Tariff items 2709 10 00 and 2709 20 00, the entries are being substituted relating thereto as under, this amendments will be effective from 01.04.2021.

Chapter Heading	Description	Unit	Rate of Duty
2709	Petroleum oils and oils obtained from bituminous minerals, crude		
2709 00 10	petroleum crude	Kg.	Nil
2709 00 20	other	Kg.	Nil

## Imposition of Agriculture Infrastructure and Development Cess (AIDC) on petrol and diesel

An Agriculture Infrastructure and Development Cess (AIDC) as an additional duty of excise has been proposed on Petrol and High speed diesel.

Sr. No	Description	Rate Of AIDC
1	Motor spirit commonly known as petrol	Rs. 2.5 per litre
2	High speed diesel	Rs. 4 per litre

\*Will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931

# Central Excise Amendments



## **Change in effective rate of Basic Excise Duty and Special Additional Excise Duty on petrol and diesel [to be effective from 02.02.2021]**

Consequent to imposition of AIDC, the Basic Excise Duty (BED) and Special Additional Excise Duty (SAED) on Petrol and High-speed diesel is being reduced so that consumer does not have to bear any additional burden on account of imposition of AIDC. The revised duty structure on petrol and HSD shall be as follows.

Sr. No.	Items	BED (Rs/litre)	SAED (Rs/litre)	AIDC (Rs/litre)	Total Duty (Rs/litre)
1	Petrol (unbranded)	1.4	11	2.5	14.9
2	Petrol (branded)	2.6	11	2.5	16.1
3	High speed diesel (unbranded)	1.8	8	4	13.8
4	High speed diesel (branded)	4.2	8	4	16.2

**GST**



# ITC can be availed only if GSTR-1 is filed



Section 16 of the CGST Act deals with the Eligibility and conditions for claiming ITC. A new<sup>1</sup> condition has been inserted in the Act for claiming ITC wherein details of invoices should now be uploaded by the suppliers in the GSTR-1.

## **Background**

Earlier the above condition was a part of the rules<sup>2</sup> wherein input tax credit was restricted to a maximum 105% of the eligible credit reflected in GSTR-2A on the basis of return filed by supplier in form GSTR-1.

## **Writ filed:-**

In the case of LGW Industries Limited & ors. Vs. Union of India & ors, the petitioner has challenged the constitutional validity of Section 16(2)(c) of the CGST Act on the grounds that ITC cannot be denied to the buyer of goods or services, if the tax charged has not been actually paid to the Government by the supplier of goods or services.

However from the above amendment the debate in regard to eligibility of input tax credit is cleared.

1. Section 16 (2)(aa) of the Central Goods and Service Act, 2017, changes proposed will be effective from the date president gives assent to Finance Bill  
2. Rule 36(4) of the CGST Rules 2017

# ITC can be availed only if GSTR-1 is filed



## Our Comments:-

CGST Act is itself being amended to strictly restrict the ITC to the invoices reported by supplier in his return. Currently Rule 36(4) of CGST Rules governs and restrict the ITC to 105% of total eligible ITC reflecting in GSTR-2A through invoices reported by supplier.

This change will practically further shift the ITC restriction from 105% to 100% of invoices reported by suppliers. The recipient shall not be able to claim input tax credit if the details of the invoices are not uploaded by the supplier in GSTR-1

1. Section 16 (2)(aa) of the Central Goods and Service Act, 2017, changes proposed will be effective from the date president gives assent to Finance Bill
2. Rule 36(4) of the CGST Rules 2017

## Background

- GST law <sup>1</sup> provides for interest @18% on the delayed remittance of the tax after due date. However, there was an ambiguity as to whether the interest has to be paid on Gross Tax liability (i.e. the total output tax) or on the Net Tax Liability (the Tax liability to be paid in cash after adjusting the Input Tax Credit).
- In 31st GST Council Meeting, it was decided to amend Section 50 and impose interest on net tax liability (i.e. liability payable through Electronic Cash Ledger). The amendment was decided to be prospective in nature.
- Interpretation was taken by industry that the interest shall be charged on Net Tax liability prospectively.
- CBIC vide notification <sup>2</sup> amendment the provision of CGST Act 2017. Further press release was also issued to clarify interest on net cash tax liability shall be applicable retrospectively.
- **Our Comments:** Thus CGST Act was amended to include the provision that interest shall be charged on the amount discharged through cash ledger i.e. on net cash liability. **The above provision shall have a retrospective effect.**

1. Section 50(1) of the Central Goods and Service Act, 2017 with effect from 1.07.2017

2. Notification No. 63/2020-Central Tax dated August 25, 2020



## Authorized operations to SEZ would qualify as zero rated supply

- As per the provision of the IGST Act supplies to SEZ developer or SEZ unit was considered as zero rated supply. However post amendment only supplies made to SEZ or SEZ developer for **authorized operations** shall be considered as zero rated supply

## Consideration must be received within time limit for Export of Goods

- The payment in relation to export of goods should be received within 9months from the date of export , otherwise the officer shall now be able to recover the refund from the taxpayer along with interest in case of non-realisation of sale proceeds within the prescribed limit.
- Refund in case Export with payment of tax is being restricted only to a notified class of taxpayers or notified supplies of goods or services. However notification is yet to be issued in this regard.

# Provisional attachment of Bank Account & Appeal

## **Property including Bank Account can be attached in several instances<sup>1</sup>**

- Section 83 of the CGST Act deals with provisional attachment of property to protect the interest of revenue up to one year of passing the order.
- Section 83(1) has been amended to include other instances where the Commissioner can provisionally attach the property including bank account like provisional assessment, scrutiny of returns, inspection of goods in movement, tax collected but not paid to Government, etc.

## **Mandatory payment of 25% of penalty amount as pre deposit to contest appeal against seized goods<sup>2</sup>**

- Section 107 of the CGST Act deals with filling of appeal to the Appellate Authority against an order, proviso has been added as per no appeal can be filed against order passed on seizure of goods unless penalty of 25% is paid in addition to pre deposit.

1. Section 83 of the Central Goods and Service Act, 2017

2. Section 107(6), of Central Goods and Service Act , 2017

\*changes proposed will be effective from the date president gives assent to Finance Bill

# Release of Seized goods



- For release of goods/vehicle in case of default of E way bill, penalty equal to 200% of the tax amount is payable. (Earlier it was 100%)
- The requirement for payment of tax on release of seized goods has been withdrawn.
- Proposal to introduce strict timeline of 7days for notice & order specified.
- If vehicle is also detained, same can be released by transporter, now on payment of penalty of:-
  - (1) (a) 200% of tax payable in case the owner of the goods comes forward for payment of such tax and penalty;
  - (b) 50% of the value of goods in case the owner of the goods does not come forward for payment of such penalty;" **or**
- (2) Rs 1 lakhs, **whichever is lower.**

# Reconciliation Statement & GST Audit

- **Requirement of getting books audited under GST removed.** Earlier if the turnover of registered person exceeded 5 crore then the accounts was required to be audited by the professional<sup>1</sup>. However post amendment it has been proposed to withdraw such requirement of audit.
- **Self-Certified reconciliation of Annual Return with Audited Financial Statements.** 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 and reconciliation statement on self-certification basis.**
- It further provides for the Commissioner to exempt a class of taxpayers from the requirement of filing the annual return<sup>2</sup>.

1. Section 35(5) of the Central Goods and Service Act, 2017

2. Section 44 of the Central Goods and Service Act, 2017

\*changes proposed will be effective from the date president gives assent to Finance Bill

# Supply between company and its member

## **Supply includes transaction between persons and its members**

CGST Act is being amended by inserting a new sub-section<sup>1</sup> in the Act to broaden the scope of 'Supply' and it shall now include transactions between a person (other than an individual) and its members for cash, deferred payment or other valuable consideration.

### **Background:**

Earlier the above transaction was treated as supply of goods as paragraph 7 of Schedule II. However post amendment it has been deleted from schedule and has been included in the definition of supply.

### **Rulings**

This amendment is brought in view of the Apex Court judgement <sup>2</sup> which was given in the context of Service Tax.

From the above amendment it is clear that scope of supply shall also include the transaction entered into between the member and its company. Further GST shall be chargeable on such transactions .

1. Section 7(a) of the Central Goods and Service Act, 2017 w.e.f. 01st July 2017,  
2. CALCUTTA CLUB LTD - 2019-TIOL-449-SC-ST-LB

## **Seizure and Confiscation of Goods is different from Recovery of Tax**

Seizure and confiscation of goods<sup>1</sup> and conveyances in transit has been made a separate proceeding and has been removed from Section 74, which deals with cases where tax is not paid or short paid on account of fraud or suppression of facts.

## **Self-assessed tax shall include invoices declared in GSTR-1**

The definition of Self-assessed tax has been broadened to include the invoices declared in GSTR-1 even though tax has not been paid on such invoices in GSTR-3B.<sup>2</sup>

## **Other Points to Remember**

- 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<sup>3</sup>. Earlier power of commissioner was limited to call only the concerned person.
- CGST ACT is being amended so as to provide an opportunity of being heard to the concerned person before using the information obtained under sections 150 and 151 for the purpose of any proceedings under the Act.<sup>3</sup>
- CGST Act is being amended to enable the jurisdictional commissioner to exercise powers under section 151 to call for information.<sup>3</sup>

1. Section 74 of the Central Goods and Service Act, 2017

2. Section 75(12), of the Central Goods and Service Act, 2017

3. Section 151/152/168 of Central Goods and Service Act, 2017 respectively

\*changes proposed will be effective from the date president gives assent to Finance Bill

# Central Sales Tax



# Central Sales Tax\*



Provisions of Section 8 of Central Sales Tax Act, 1956 has been amended to provide that **Form “C”** can be issued only in cases where the registered person either resells the goods so procured or uses the same in manufacture, processing and sale of only those goods which are currently covered under Central Sales Tax (CST).

Following goods are covered under CST:-

- Petroleum Crude
- High Speed Diesel
- Petrol
- Natural Gas
- Aviation Turbine Fuel
- Alcohol for Human Consumption

\*changes proposed will be effective from the date president gives assent to Finance Bill.



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# Founder Member



## **Bhaskar Thakkar**

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### **Career History:**

Twenty years of experience in Indirect Tax practice. Before moving to BT was heading eastern India Indirect Tax Practice of Ernst & Young from Kolkata office.

**Education:** Chartered Accountant

### **Specialty Areas:**

Structuring & Planning under Indirect Tax including foreign trade Policy; Litigation at various levels till Tribunal & Planning under SEZ & EOU Schemes.

- Advisory services with regards to applicability of the taxes & duties as well as procedural compliance such as registration, assessments, to name a few.
- Review of contract and agreement to help mitigate the overall incidence of taxes & duties.
- Contributed thought leadership on technical papers as member of Indirect Tax committee at various chambers of commerce.
- Prolific speaker at various institutes, chambers, public gatherings.
- Conducting health checks in order to determine tax implications on client operations, gauge compliance with legal provisions and suggest tax planning opportunities.
- Advisory services relating to various aspects of GST, Customs, Central Excise & Service Tax Law and applicable regulations - covering rates of duties, exemptions, valuation planning, classification assistance and assessments.
- Assisting clients on the policies and procedures set down under the Foreign Trade Policy.
- Providing the right guidance to enable clients to make the most of duties & taxes by setting up of EOU/SEZ.

# Clientele



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