



SECTIONWISE ANALYSIS –
CUSTOMS AND EXCISE
AMENDMENTS
(FINANCE BILL 2021)

S KHAITAN & ASSOCIATES

CA SHUBHAM KHAITAN

CUSTOMS AMENDMENTS – HIGHLIGHTS AT A GLANCE

AMENDMENTS RELATED TO CUSTOMS ACT, 1962.....	2
1. Introduction of Common Portal.....	2
2. Increase in power of Commissioner (Appeals)	2
3. Sunset Clause	3
4. Time Limit for completion of enquiry	3
5. Advancement in filing of bill of entry.....	4
6. Enabling board to notify time limit for presentation of bill of entry	5
7. Revision in procedure for pre-disposal of gold.....	6
8. Power to confiscate goods.....	6
9. Penalty for wrong claim of Input Tax Credit	7
10. Documents accepted as Evidence	7
11. Automated Procedures	8
12. Service of notices on common portal	9
13. Facilities of custom portal	9
14. Technical changes	10
15. Amendment w.r.t. CVD	11
16. Amendment w.r.t. CVD	12
17. Amendment w.r.t. CVD	12
18. Amendment w.r.t. CVD	13
19. Amendment w.r.t. ADD	13
20. Amendment w.r.t. ADD	15
21. Amendment w.r.t. ADD	15
22. Amendment w.r.t. ADD	16
23. Changes in Tariff item 2710 12 49.....	17
24. Rate of duty specified for tariff item 2710 20 10 and 2710 20 20	17

AMENDMENTS RELATED TO CUSTOMS ACT, 1962

1. Introduction of Common Portal for Customs

Source

Clause 80 of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 2(7) of the Customs Act, 1962.

New Clause

Clause (7B) of section 2(7) of the Customs Act, 1962 has been inserted

Amendment

2(7)(7B) - "common portal" means the Common Customs Electronic Portal referred to in section 154C;

Effect of the Amendment

A common customs electronic portal to be introduced

2. Increase in power of Commissioner (Appeals)

Source

Clause 81 of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 5(3) of the Customs Act, 1962.

Provision before amendment

5(3) - Notwithstanding anything contained in this section, [Commissioner (Appeals)] shall not exercise the powers and discharge the duties conferred or imposed on an officer of customs other than those specified in ~~Chapter XV and section 108.~~

Provision after Amendment

5(3) - Notwithstanding anything contained in this section, [Commissioner (Appeals)] shall not exercise the powers and discharge the duties conferred or imposed on an officer of customs other than those specified in Chapter XV, section 108 and subsection(1D) of section 110.

Effect of the Amendment

Commissioner (Appeals) to be empowered to carry out functions of newly inserted sub-section (1D) of Section 110 of Customs Act (To be discussed in point 7) to summon persons and give evidence and produce document

3. Sunset Clause for conditional exemptions**Source**

Clause 82 of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 25 of the Customs Act, 1962

New sub - section

Sub - section (4A) of section 25 of the Customs Act has been inserted

Amendment

25(4A) - Where any exemption is granted subject to any condition under sub-section (1), such exemption shall, unless otherwise specified or varied or rescinded, be valid upto 31st day of March falling immediately after two years from the date of such grant or variation:

Provided that in respect of any such exemption in force as on the date on which the Finance Bill, 2021 receives the assent of the President, the said period of two years shall be reckoned from the 1st day February, 2021.

Effect of the Amendment

All conditional exemptions given under the Customs Act shall be valid till the end of 31st March falling immediately two years after the date of such grant. 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 31st March, 2023 (if not specifically extended/ rescinded earlier) on review.

4. Time Limit for completion of inquiry culminating in issuance of SCN**Source**

Clause 83 of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

New Section

Section 28BB of the Customs Act, 1962 has been inserted

Amendment

28BB - (1) Any inquiry or investigation under this Act, culminating in the issuance of a notice under sub-section (1) or sub-section (4) of section 28 shall be completed by issuing such notice, within a period of two years from the date of initiation of audit, search, seizure or summons, as the case may be:

Provided that the Principal Commissioner of Customs or the Commissioner of Customs may, on sufficient cause being shown and for reasons to be recorded in writing, extend the said period to a further period of one year.

(2) For computing the period under sub-section (1), the period during which stay was granted by an order of a court or tribunal, or the period for seeking information from an overseas authority through a legal process, shall be excluded.

Explanation— For the removal of doubts, it is hereby declared that nothing contained in this section shall apply to any such proceeding initiated before the date on which the Finance Bill, 2021 receives the assent of the President.

Effect of the Amendment

Time limit of 2 years (extendable by one year by Commissioner) has been prescribed for completion of any proceedings which would culminate in issuance of SCN.

5. Advancement in filing of bill of entry**Source**

Clause 84 (i) of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 46(3) of the Custom Duty Act, 1962.

Provision before amendment

46(3) - The importer shall present the bill of entry under sub-section (1) ~~before the end of the next day following the day (excluding holidays)~~ on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing:

Provision after amendment

46(3) - The importer shall present the bill of entry under sub-section (1) before the end of the day (including holidays) preceding the day on which the aircraft or vessel

or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing:

Effect of the Amendment

Filing of bill of entry has now been advanced by two days. Now the bill of entry needs to be filed before the end of the preceding day (including holiday) from the day of arrival of goods. Earlier, the time was given until the end of next day (excluding holidays) from the day of arrival of goods.

6. Enabling board to notify time limit for presentation of bill of entry

Source

Clause 84 (ii) & (iii) of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 46(3) of the Custom Duty Act, 1962.

Amendment

The provision marked in red has been omitted and the provision marked in green has been inserted:

Provision before amendment

~~Provided that~~ a bill of entry may be presented [at any time not exceeding thirty days prior to] the expected arrival of the aircraft or vessel or vehicle by which the goods have been shipped for importation into India:

~~Provided further that~~ where the bill of entry is not presented within the time so specified and the proper officer is satisfied that there was no sufficient cause for such delay, the importer shall pay such charges for late presentation of the bill of entry as may be prescribed.

Provision after amendment

Provided that the Board may, in such cases as it may deem fit, prescribe different time limits for presentation of the bill of entry, which shall not be later than the end of the day of such arrival .

Provided further that a bill of entry may be presented 10[at any time not exceeding thirty days prior to] the expected arrival of the aircraft or vessel or vehicle by which the goods have been shipped for importation into India:

Provided also that where the bill of entry is not presented within the time so specified and the proper officer is satisfied that there was no sufficient cause for such delay, the

importer shall pay such charges for late presentation of the bill of entry as may be prescribed.

Effect of the Amendment

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.

7. Revision in procedure for pre-disposal of gold

Source

Clause 85 of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 110 of the Customs Act, 1962

New Sub - section

Sub - section (1D) of section 110 of the Customs Act, 1962 has been inserted

Amendment

110(1D) - Where the goods seized under sub-section (1) is gold in any form as notified under sub-section (1A), then, the proper officer shall, instead of making an application under sub-section (1B) to the Magistrate, make such application to the Commissioner (Appeals) having jurisdiction, who shall, as soon as may be, allow the application and thereafter, the proper officer shall dispose of such goods in such manner as the Central Government may determine.

Effect of the Amendment

There shall be revised procedure for pre-trial disposal of gold seized. The Commissioner (Appeals) having jurisdiction, is to certify the correctness of the inventory of the seized gold and carry out other procedures in manner as may be determined by the central government.

8. Power to confiscate goods

Source

Clause 86 of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 113 of the Customs Act, 1962.

New Clause

Clause (ja) of section 113 has been inserted

Amendment

113(ja) - any goods entered for exportation under claim of remission or refund of any duty or tax or levy to make a wrongful claim in contravention of the provisions of this Act or any other law for the time being in force;

Effect of the Amendment

Power to confiscate the goods entered for exportation is granted in case they are under a wrong claim of remission/refund of duty/tax.

9. Penalty for wrong claim of Input Tax Credit**Source**

Clause 87 of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

New Section

Section 114AC of the Customs Act, 1962 has been inserted

Amendment

'114AC - Where any person has obtained any invoice by fraud, collusion, willful misstatement or suppression of facts to utilise 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 such duty or tax, such person shall be liable for penalty not exceeding five times the refund claimed.

Explanation. —For the purposes of this section, the expression “input tax credit” shall have the same meaning as assigned to it in clause (63) of section 2 of the Central Goods and Services Tax Act, 2017.'

Effect of the Amendment

Penalty to be levied at an amount not exceeding 5 times the amount of refund in cases where ITC is claimed on the basis of any fraudulent invoice and the same is utilized for payment of tax on exports.

10. Documents accepted as Evidence**Source**

Clause 88 of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Explanation of Section 139 of the Customs Act, 1962

Provision before amendment

Explanation. - For the purposes of this section, "document" includes inventories, photographs and lists certified by ~~a Magistrate under sub-section (1C) of section 110~~

Provision after amendment

Explanation. - For the purposes of this section, "document" includes inventories, photographs and lists certified by "a Magistrate under sub-section (1C), or Commissioner (Appeals) under sub-section (1D), of section 110".

Effect of the Amendment

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.

11. Automated Procedures**Source**

Clause 89 of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

New Provision

Proviso to Section 149 of the Customs Act, 1962 has been inserted

Amendment

"Provided further that such authorisation or amendment may also be done electronically through the customs automated system on the basis of risk evaluation through appropriate selection criteria:

Provided also that such amendments, as may be specified by the Board, may be done by the importer or exporter on the common portal."

Effect of the Amendment

Section 149 is being amended so as to

a) 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.

b) 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.

12. Service of notices, order, summon etc. through the common portal**Source**

Clause 90 of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 153(1) of the Customs Act, 1962

New Clause

Clause (ca) of section 153(1) of the Customs Act, 1962 has been inserted

Amendment

153(1)(ca) - by making it available on the common portal;

Effect of the Amendment

Service of a notice, order, summon, etc., can be done by making it available on the common portal.

13. Facilities of custom portal**Source**

Clause 91 of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

New Section

Section 154(C) of the Customs Act, 1962 has been inserted

Amendment

154C - The Board may notify a common portal, to be called the Common Customs Electronic Portal, for facilitating registration, filing of bills of entry, shipping bills, other documents and forms prescribed under this Act or under any other law for the time

being in force or the rules or regulations made thereunder, payment of duty and for such other purposes, as the Board may, by notification, specify.

Effect of the Amendment

A common customs electronic portal will be put in place for facilitating registration, filing of bills of entry/shipping bills, payment of duty, and other notified purposes.

AMENDMENTS RELATED TO CUSTOMS TARIFF ACT, 1975

14. Technical changes

Source

Clause 92 of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 8B(6) of the Customs Tariff Act, 1975.

Provision before amendment

8B(6) - Notwithstanding anything contained in the foregoing sub-sections, a notification issued under subsection (1) or any safeguard measures applied under sub-sections (2), (3), (4) and (5), shall not apply to articles imported by a hundred per cent. export-oriented undertaking or a unit in a special economic zone, unless--

(i) it is specifically made applicable in such notification or to such undertaking or ~~unit~~;

(ii) such article is either cleared as such into the domestic tariff area or used in the manufacture of any goods that are cleared into the domestic tariff area, in which case, safeguard measures shall be applied on the portion of the article so cleared or used, as was applicable when it was imported into India.

~~Explanation. For the purposes of this section, the expressions "hundred per cent. export-oriented undertaking", and "special economic zone" shall have the same meaning as assigned to them in Explanation 2 to sub-section (1) of section 3 of the Central Excise Act, 1944 (1 of 1944).~~

Provision after amendment

8B(6) - Notwithstanding anything contained in the foregoing sub-sections, a notification issued under subsection (1) or any safeguard measures applied under sub-sections (2), (3), (4) and (5), shall not apply to articles imported by a hundred per cent. export-oriented undertaking or a unit in a special economic zone, unless--

(i) it is specifically made applicable in such notification or to such undertaking or unit; or

(ii) such article is either cleared as such into the domestic tariff area or used in the manufacture of any goods that are cleared into the domestic tariff area, in which case, safeguard measures shall be applied on the portion of the article so cleared or used, as was applicable when it was imported into India.

Explanation. - For the purposes of this sub-section, –

(a) the expression “hundred per cent. Export-oriented undertaking” shall have the same meaning as assigned to it in clause (i) of Explanation 2 to sub section (1) of section 3 of the Central Excise Act, 1944;

(b) the expression “special economic zone” shall have the same meaning as assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005.’

Effect of the Amendment

Section 8B of the Customs Tariff Act is being amended to incorporate certain technical changes.

15. Amendment w.r.t. CVD

Source

Clause 93(i) of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 9(1A) of the Customs Tariff Act, 1975.

Provision before amendment

9(1A) - Where the Central Government, on such inquiry as it considers necessary, is of the opinion that circumvention of countervailing duty imposed under sub-section (1) has taken place, either by altering the description or name or composition of the article on which such duty has been imposed or by import of such article in an unassembled or disassembled form or by changing the country of its origin or export or in any other manner, whereby the countervailing duty so imposed is rendered ineffective, it may extend the countervailing duty to such other article also.

Provision after amendment

9(1A) - Where the Central Government, on such inquiry as it considers necessary, is of the opinion that circumvention of countervailing duty imposed under sub-section (1) has taken place, either by altering the description or name or composition of the article on which such duty has been imposed or by import of such article in an unassembled or disassembled form or by changing the country of its origin or export or in any other manner, whereby the countervailing duty so imposed is rendered ineffective, it may extend the countervailing duty to such other article also from such date, not earlier than the date of initiation of the inquiry, as the Central Government may, by notification in the Official Gazette, specify.

16. Amendment w.r.t. CVD

Source

Clause 93(ii) & (iii) of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

New Section

Section 9(1B) and 9(2A) of the Customs Tariff Act, 1975 has been inserted

Amendment

9(1B) - Where the Central Government, on such inquiry as it considers necessary, is of the opinion that absorption of countervailing duty imposed under sub-section (1) has taken place whereby the countervailing duty so imposed is rendered ineffective, it may modify such duty to counter the effect of such absorption, from such date, not earlier than the date of initiation of the inquiry, as the Central Government may, by notification in the Official Gazette, specify.

Explanation. - For the purposes of this sub-section, “absorption of countervailing duty” is said to have taken place,—

(a) if there is a decrease in the export price of an article without any commensurate change in the resale price in India of such article imported from the exporting country or territory; or

(b) under such other circumstances as may be provided by rules.’

9(2A) - Notwithstanding anything contained in sub-sections (1) and (2), a notification issued under sub-section (1) or any countervailing duty imposed under sub-section (2) shall not apply to article imported by a hundred per cent. export-oriented undertaking or a unit in a special economic zone, unless, —

(i) it is specifically made applicable in such notification or to such undertaking or unit; or

(ii) such article is either cleared as such into the domestic tariff area or used in the manufacture of any goods that are cleared into the domestic tariff area, in which case, countervailing duty shall be imposed on that portion of the article so cleared or used, as was applicable when it was imported into India.

Explanation. - For the purposes of this sub-section,—

(a) the expression “hundred per cent. export-oriented undertaking” shall have the same meaning as assigned to it in clause (i) of Explanation 2 to sub-section (1) of section 3 of the Central Excise Act, 1944;

(b) the expression “special economic zone” shall have the same meaning as assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005.’

17. Amendment w.r.t. CVD

Source

Clause 93(iv)(a) of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 9(6) of the Customs Tariff Act, 1975.

Provision before amendment

Provided that if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of subsidization and injury, it may, from time to time, extend the period of such imposition for a further period of ~~five years~~ and such further period shall commence from the date of order of such extension:

Provision after amendment

Provided that if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of subsidization and injury, it may, from time to time, extend the period of such imposition for a further period of upto five years and such further period shall commence from the date of order of such extension:

18. Amendment w.r.t. CVD**Source**

Clause 93(iv)(b) of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 9(6) of the Customs Tariff Act, 1975.

Amendment

Provided also that if the said duty is revoked temporarily, the period of such revocation shall not exceed one year at a time.

Effect of the Amendment of clause 93

Section 9 of the Customs Tariff Act is being amended to include provisions for anti-absorption, retrospective levy from the date of initiation of investigation in anti-circumvention cases, aligning countervailing duty provisions with those in safeguard measures in respect of levy on goods cleared from EOU and SEZ into Domestic Tariff Area, stipulating that when countervailing duty is revoked temporarily, such revocation shall be for a period not exceeding one year at a time and to provide for imposing Countervailing duty on review for period not exceeding 5 years at a time, instead of the 5 years at present.

19. Amendment w.r.t. ADD**Source**

Clause 94(i) & (iii) of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 9A(1A) of the Customs Tariff Act, 1975.

Provision before amendment

9A(1A) - Where the Central Government, on such inquiry as it may consider necessary, is of the opinion that circumvention of anti-dumping duty imposed under sub-section (1) has taken place, either by altering the description or name or composition of the article subject to such anti-dumping duty or by import of such article in an unassembled or disassembled form or by changing the country of its origin or export or in any other manner, whereby the anti-dumping duty so imposed is rendered ineffective, it may extend the anti-dumping duty to such article or an article originating in or exported from such country, as the case may be.

~~9A(2A) - Notwithstanding anything contained in sub-section (1) and sub-section (2), a notification issued under sub-section (1) or any anti-dumping duty imposed under sub-section (2), shall not apply to articles imported by a hundred per cent. export-oriented undertaking unless,—~~

~~(i) specifically made applicable in such notifications or such impositions, as the case may be; or~~

~~(ii) the article imported is either cleared as such into the domestic tariff area or used in the manufacture of any goods that are cleared into the domestic tariff area, and in such cases anti-dumping duty shall be levied on that portion of the article so cleared or so used as was leviable when it was imported into India.~~

~~Explanation.— For the purposes of this sub-section, the expression “hundred per cent. export-oriented undertaking” shall have the meaning assigned to it in Explanation 2 to sub-section (1) of section 3 of the Central Excise Act, 1944 (1 of 1944).~~

Provision after amendment

9A(1A) - Where the Central Government, on such inquiry as it may consider necessary, is of the opinion that circumvention of anti-dumping duty imposed under sub-section (1) has taken place, either by altering the description or name or composition of the article subject to such anti-dumping duty or by import of such article in an unassembled or disassembled form or by changing the country of its origin or export or in any other manner, whereby the anti-dumping duty so imposed is rendered ineffective, it may extend the anti-dumping duty to such article or an article originating in or exported from such country, as the case may be from such date, not earlier than the date of initiation of the inquiry, as the Central Government may, by notification in the Official Gazette, specify.

9A(2A) - Notwithstanding anything contained in sub-section (1) and sub-section (2), a notification issued under subsection (1) or any anti-dumping duty imposed under subsection (2) shall not apply to articles imported by a hundred per cent. export-oriented undertaking or a unit in a special economic zone, unless, -

(i) it is specifically made applicable in such notification or to such undertaking or unit; or

(ii) such article is either cleared as such into the domestic tariff area or used in the manufacture of any goods that are cleared into the domestic tariff area, in which case, anti-dumping duty shall be imposed on that portion of the article so cleared or used, as was applicable when it was imported into India.

Explanation. - For the purposes of this section,-

(a) the expression “hundred per cent. export-oriented undertaking” shall have the same meaning as assigned to it in clause (i) of Explanation 2 to sub-section (1) of section 3 of the Central Excise Act, 1944;

(b) the expression “special economic zone” shall have the same meaning as assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005.’

20. Amendment w.r.t. ADD

Source

Clause 94(ii) of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

New Section

Section 9A(1B) of the Customs Tariff Act, 1975 has been inserted

Amendment

Where the Central Government, on such inquiry as it may consider necessary, is of the opinion that absorption of anti-dumping duty imposed under sub-section (1) has taken place whereby the anti-dumping duty so imposed is rendered ineffective, it may modify such duty to counter the effect of such absorption, from such date, not earlier than the date of initiation of the inquiry, as the Central Government may, by notification in the Official Gazette, specify.

Explanation. -For the purposes of this sub-section, “absorption of anti-dumping duty” is said to have taken place, -

(a) if there is a decrease in the export price of an article without any commensurate change in the cost of production of such article or export price of such article to countries other than India or resale price in India of such article imported from the exporting country or territory; or

(b) under such other circumstances as may be provided by rules.’

21. Amendment w.r.t. ADD

Source

Clause 94(iv)(a) of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 9A(5) of the Customs Tariff Act, 1975.

Provision before amendment

Provided that if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury, it may, from time to time, extend the period of such imposition for a further period of ~~five years~~ and such further period shall commence from the date of order of such extension:

Provision after amendment

Provided that if the Central Government, in a review, is of the opinion that the cessation of such duty is likely to lead to continuation or recurrence of dumping and injury, it may, from time to time, extend the period of such imposition for a further period of **upto five years** and such further period shall commence from the date of order of such extension:

22. Amendment w.r.t. ADD**Source**

Clause 94(iv)(b) of the Finance Bill, 2021.

Effective Date

Date to be notified by the government.

Affected Provision

Section 9A(5) of the Customs Tariff Act, 1975.

Amendment

Provided also that if the said duty is revoked temporarily, the period of such revocation shall not exceed one year at a time.

Effect of the Amendment of clause 94

Section 9A of the Customs Tariff Act is being amended to include provisions for anti-absorption, retrospective levy in anti-circumvention cases, aligning anti-dumping duty provisions with those in safeguard measures in respect of levy on goods cleared from EOU and SEZ into Domestic Tariff Area, stipulating that when anti-dumping duty is revoked temporarily, such revocation shall be for a period not exceeding one year at a time and to provide for imposing ADD on review for period not exceeding 5 years at a time, instead of the 5 years at present.

Note:- For product wise changes in basic customs duty rates please refer Memo issued with Finance Bill.

AMENDMENTS RELATED TO CENTRAL EXCISE ACT, 1944**23. Changes in Tariff item 2710 12 49****Source**

Clause 97(i) of the Finance Bill, 2021.

Effective Date

With effect from the 1st day of January, 2020

Affected Provision

Chapter 27 of the fourth schedule to the Central Excise Act, 1944

Amendment

It is proposed to specify correct "IS 17076" instead of earlier "IS 17026" against the tariff item 2710 12 49.

24. Rate of duty specified for tariff item 2710 20 10 and 2710 20 20**Source**

Clause 97(ii) & (iii) of the Finance Bill, 2021.

Effective Date

With effect from the 1st day of January, 2020

Affected Provision

Chapter 27 of the fourth schedule to the Central Excise Act, 1944

Amendment

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 retrospectively.

25. Date of applicability of notification number G.S.R 978 (E), dated 31st December, 2019 issued under section 3C of Central Excise Act, 1944**Source**

Clause 98 of the Finance Bill, 2021.

Amendment

The amendments made in Chapter 27 of the Fourth schedule vide notification number G.S.R 978 (E), dated the 31st December, 2019 issued under section 3C of Central Excise Act 1944 shall be applicable from 1st date of January 2020.

AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS (“AIDC”)

26. Imposition of Agriculture Infrastructure and Development Cess (“AIDC”) on Imported Goods

Source

Clause 115 of the Finance Bill, 2021.

Effective Date

With effect from 2nd day of February 2021.

New Provision

Imposition of Agriculture Infrastructure and Development Cess (“AIDC”) on Imported Goods

Amendment

(1) There shall be levied and collected, in accordance with the provisions of this section, for the purposes of the Union, a duty of customs, to be called Agriculture Infrastructure and Development Cess, 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, at the rate not exceeding the rate of customs duty as specified in the said Schedule, for the purposes of financing the agriculture infrastructure and other development expenditure.

(2) The Central Government may, after due appropriation made by Parliament by law in this behalf, utilise such sums of money of the Agriculture Infrastructure and Development Cess levied under this section for the purposes specified in sub-section (1), as it may consider necessary.

(3) Where the duty is leviable on the goods at any percentage of its value, then, for the purposes of calculating the Agriculture Infrastructure and Development Cess under this section, the value of such goods shall be calculated in the same manner as the value of goods is calculated for the purpose of customs duty under section 14 of the Customs Act, 1962.

(4) The Agriculture Infrastructure and Development Cess on imported goods shall be in addition to any other duties of customs chargeable on such goods, under the Customs Act, 1962 or any other law for the time being in force. (5) The provisions of the Customs Act, 1962 and the rules and regulations made thereunder, including those relating to assessment, non-levy, short-levy, refund, exemptions, interest, appeals, offences, and penalties shall, as far as may be, apply in relation to the levy and collection of the Agriculture Infrastructure and Development Cess on imported goods as they apply in relation to the levy and collection of duties of customs on such goods under the said Act, or the rules or regulations, as the case maybe.

Effect of the Amendment of clause

An Agriculture Infrastructure and Development Cess (AIDC) has been proposed on import of specified goods. To ensure that imposition of cess does not lead to additional burden in most of these items on the consumer, the BCD rates has been lowered. This cess shall be used to finance the improvement of agriculture infrastructure and other development expenditure.

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.

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

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

27. Imposition of Agriculture Infrastructure and Development Cess (“AIDC”) on Excisable Goods**Source**

Clause 116 of the Finance Bill, 2021.

Effective Date

With effect from 2nd day of February 2021.

New Provision

Imposition of Agriculture Infrastructure and Development Cess (“AIDC”) on Excisable Goods

Amendment

(1) There shall be levied and collected, in accordance with the provisions of this section, for the purposes of the Union, an additional duty of excise, to be called Agriculture Infrastructure and Development Cess, on the goods specified in the Seventh Schedule (hereinafter referred to as scheduled goods), being the goods manufactured or produced, at the rates specified in column (3) of the said Schedule, for the purposes of financing the agriculture infrastructure and other development expenditure.

(2) The Central Government may, after due appropriation made by Parliament by law in this behalf, utilise such sums of money of the Agriculture Infrastructure and Development Cess levied under this section for the purposes specified in sub-section (1), as it may consider necessary.

(3) The cess leviable under sub-section (1), chargeable on the scheduled goods, shall be in addition to any other duties of excise chargeable on such goods under the Central Excise Act, 1944 or any other law for the time being in force.

(4) The provisions of the Central Excise Act, 1944 and the rules and the regulations made thereunder, including those relating to assessment, non-levy, short-levy, refund, exemptions, interest, appeals, offences, and penalties shall, as far as may be, apply in relation to the levy and collection of the cess leviable under this section in respect of scheduled goods as they apply in relation to the levy and collection of duties of excise on such goods under the said Act or the rules or regulations, as the case maybe.

Effect of the Amendment of clause

An Agriculture Infrastructure and Development Cess (AIDC) as an additional duty of excise has been proposed on Petrol and High speed diesel. This cess shall be used to finance the improvement of agriculture infrastructure and other development expenditure.

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 is proposed. Accordingly, Basic Excise Duty and the Special Additional Excise Duty have been calibrated so that there would be no additional burden on the consumer.

This publication contains information for general guidance only. It is not intended to address the circumstances of any particular individual or entity. Although the best of endeavour has been made to provide the provisions in a simpler and accurate form, there is no substitute to detailed research with regard to the specific situation of a particular individual or entity. S. Khaitan & Associates or any of its officials do not accept any responsibility for loss incurred by any person for acting or refraining to act as a result of any matter in this publication



OFFICE : MOOKERJEE HOUSE,
17, BRABOURNE ROAD, 2ND FLOOR,
KOLKATA - 700001

PHONE NO : 03340687062, +919831912725

EMAIL ID : office@cakhaitan.com
shubham@cakhaitan.com

WEBSITE : www.cakhaitan.com