

# Union Budget 2018-19: Indirect Tax Highlights

February 1, 2018

## Key Takeaways-

- Change in the name of the Central Board of Excise and Customs (CBEC) to the Central Board of Indirect Taxes and Customs (CBIC) has been proposed.

## Customs

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### AMENDMENTS IN THE CUSTOMS ACT, 1962

- Section 2 is amended so as to provide the following:
  - (a) to extend the limit of 'Indian Customs Waters' into the sea from the existing 'Contiguous zone of India' to the 'Exclusive Economic Zone (EEZ)' of India in subsection (28).
  - (b) provide that 'notification' would mean a 'notification published in the Official Gazette' and the word 'notify' would be construed accordingly.
- Section 18 is amended to :
  - (a) cover export consignments under provisional assessment of duty by amending subsection (1).
  - (b) insert a new sub-section (1A) to empower the Board to issue regulation for providing time-limit for the importer or exporter to submit the documents and information, if required, for finalization of provisional assessments and for the proper officer to finalize the provisional assessment.
- A new section 25A & 25B are being inserted, so as to empower the Central Government to exempt goods imported for repair and re-imported after export for repair, further processing or manufacture from

payment of whole or any part of duty of customs, leviable thereon subject to certain conditions.

### **Advance Ruling Changes**

- Section 28E is being amended so as to, -
  - (a) omit clause (a) defining 'activity' as it is no longer relevant; (b) substitute the existing definition of advance ruling so as to cover subjects beyond mere determination of duty;
  - (c) include a definition of 'appellate authority';
  - (d) substitute the definition of 'applicant' in order to make it broad based;
  - (e) define 'authority' as Customs Authority for Advance Ruling as referred to in section 28EA;
  - (f) substitute "Appellate Authority" in place of "authority" in clause (f) and (g).
- A new section 28EA relating to 'Customs Authority for Advance Rulings' is being inserted, which empowers the Board to appoint officers of the rank of Principal Commissioner of Customs or Commissioner of Customs as Customs Authority for Advance Rulings by way of notification.
- Section 28F is being amended so as to substitute the word "Authority" with the words "Appellate Authority" and to provide that on appointment of Customs Authority for Advance Rulings, the applications and proceedings pending before the erstwhile Authority shall stand transferred to Customs Authority for Advance Rulings.

### **Clearance of goods through Customs Automated System**

- Section 45 is being amended so as to provide for clearance of goods by other ways as may be prescribed in addition to existing system of clearance by the proper office.
- Section 46 is being amended so as to:
  - (a) amend sub-section (1) to insert a reference to Customs Automated System and the manner of presentation of bill of entry;
  - (b) amend the proviso to sub-section (1) to insert a reference to Customs Automated System; and
- Section 47 & 51 is being amended so as to have a provision for clearance of goods by Customs Automated System in addition to existing clearance by the proper officer.

### **Other Changes**

- Section 30 is being amended so as to:

- (a) include export goods in addition to imported goods as part of the information provided in the manifest;
- (b) provide for prescribing the manner of delivery of manifest through regulations.

## **AMENDMENTS IN THE CUSTOMS TARIFF ACT, 1975**

### **Rate Changes**

- The import duty on perfumes and toiletry preparations falling under 3305, 3304, 3303, 3307 has been increased from 10% to 20%.
- Truck and Bus radial tyres falling under 4011 20 10 increased from 10% to 15%.
- Specified parts/ accessories of motor vehicles, motor cars, motorcycles falling under 8407, 8408, 8409, 8483 10 91, 8483 10 92, 8511, 8708, 8714 10 has been increased to 15%.
- The rate on footwear falling under 6401, 6402, 6403, 6404, 6405 has been increased from 10% to 20%.
- Duty on cellular mobile phones falling under 8517 12 has been increased from 15% to 20%.
- Specified parts and accessories including lithium ion battery of cellular mobile phones has been increased to 15%.

### **SOCIAL WELFARE SURCHARGE**

- Social welfare surcharge is proposed to be imposed on the imported goods.
- Social welfare surcharge would be calculated on at the rate of 10% on the aggregate of duties, taxes and cesses which are levied and collected by the Central Government.
- The Social Welfare Surcharge on the imported goods would be in shall be in addition to any other duties of customs or tax or cess chargeable on such goods, under the Customs Act, 1962 or any other law.

### **ROAD AND INFRASTRUCTURE CESS**

- Roads and infrastructure cess would be levied on the goods specified in Schedule 6.