

## Customs Duty



## Key Budget Proposals and Amendments

### Union Budget 2017-2018



2/19, Nitya Priya, Nityanand Nagar, Sahar Road, Andheri (East), Mumbai-400 069.

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## 1. Amendments in Customs Tariff Act

### 1.1 Customs Duty (BCD/CVD/SAD) Imposed:

Sr. No.	Particulars	Existing Rate	New Rate
1	Other Aluminium Ores including laterite Export Duty(Effective rate of duty)  <i>(Finance Bill, 2017 read with Notification No. 03/2017 dated 02<sup>nd</sup> February 2017)</i>	NIL	15%
2	Populated Printed Circuit Boards (PCBs) for use in the manufacture of mobile phones  SAD  <i>(Notification No. 04/2017 dated 02<sup>nd</sup>February 2017)</i>	NIL	2%
3	Silver medallion, silver coins having silver content not below 99.9%, semi manufactured form of silver and articles of silver  CVD  <i>(Notification No. 04/2017 dated</i>	NIL	12.5%

	02 <sup>nd</sup> February 2017)x		
4	Co-polymer coated MS tapes / stainless steel tapes for use in manufacture of telecommunication grade optical fibres or optical fibre cables ( <i>subject to actual user condition</i> )  BCD ( <i>Subject to aforesaid condition</i> )  ( <i>Notification No. 06/2017 dated 02<sup>nd</sup> February 2017</i> )	NIL	10%
5	Reverse Osmosis (RO) membrane element for household type filters  BCD(Effective rate of duty)  ( <i>Notification No. 06/2017 dated 02<sup>nd</sup> February 2017</i> )	7.5%	10%
6	Cashew nut, roasted, salted or roasted and salted  BCD	30%	45%

**1.2 Customs duty (BCD/CVD/SAD) reduced:**

Sr. No.	Particulars	Existing Rate	New Rate
1	Catalyst for use in the manufacture of cast components of Wind Operated Electricity Generator <i>(Subject to Actual User Condition)</i>  BCD <i>(Subject to aforesaid Condition)</i>  <i>(Finance Bill, 2017 read with Notification No. 04/2017 and 06/2017 dated 2<sup>nd</sup> February 2017)</i>	7.5%	5%
2	Resin for use in the manufacture of cast components of Wind Operated Electricity <i>(Subject to Actual User Condition)</i>  BCD <i>(Subject to aforesaid Condition)</i>  <i>(Finance Bill, 2017 read with Notification No. 04/2017 and 06/2017 dated 2<sup>nd</sup> February 2017)</i>	7.5%	5%
3	Liquefied Natural Gas (LNG)  BCD  <i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i>	5%	2.5%

4	<p>Anthraquinone or 2-Ethyl Anthraquinone, for use in manufacture of Hydrogen Peroxide (<i>Subject to Actual User Condition</i>)</p> <p>BCD (<i>Subject to aforesaid Condition</i>)</p> <p>(<i>Notification No. 06/2017 dated 2<sup>nd</sup> February 2017</i>)</p>	7.5%	2.5%
5	<p>Medium Quality Terephthalic Acid (MTA) and Qualified Terephthalic Acid (QTA)</p> <p>BCD</p> <p>(<i>Notification No. 06/2017 dated 2<sup>nd</sup> February 2017</i>)</p>	7.5%	5%
6	<p>Wattle Extract</p> <p>BCD</p> <p>(<i>Notification No. 06/2017 dated 2<sup>nd</sup> February 2017</i>)</p>	7.5%	2.5%
7	<p>Myrobalan Fruit Extract</p> <p>BCD</p> <p>(<i>Notification No. 06/2017 dated 2<sup>nd</sup> February 2017</i>)</p>	7.5%	2.5%
8	<p>Vinyl Polyethylene Glycol for use in manufacture of Poly Carboxylate Ether (<i>Subject to Actual user</i>)</p>		

	<p><i>Condition)</i></p> <p>BCD (<i>Subject to aforesaid Condition</i>)</p> <p><i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i></p>	10%	7.5%
9	<p>Monofilament Yarn (<i>Subject to Condition that the imported goods are for use in monofilament long line system intended to be used for tuna fishing</i>)</p> <p>BCD (<i>Subject to aforesaid Condition</i>)</p> <p><i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i></p>	7.5%	5%
10	<p>Hot rolled coils for use in manufacture of welded tubes and pipes falling under heading 7305 or 7306 (<i>subject to actual user condition</i>)</p> <p>BCD (<i>Subject to aforesaid Condition</i>)</p> <p><i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i></p>	12.50%	10%

11	<p>Magnesium Oxide (MgO) coated cold rolled steel coils for use in manufacture of cold rolled grain oriented steel (CRGO) <i>(Subject to actual user condition)</i></p> <p>BCD <i>(Subject to aforesaid Condition)</i></p> <p><i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i></p>	10%	5%
12	<p>Clay 2 Powder (Alumax) for use in ceramic substrate for catalytic convertors <i>(Subject to actual user condition)</i></p> <p>BCD <i>(Subject to aforesaid Condition)</i></p> <p><i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i></p>	7.5%	5%
13	<p>Ball screws for use in the manufacture of all types of CNC machine tools</p> <p>BCD</p> <p><i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i></p>	7.5%	2.5%



14	Linear Motion Guides for use in the manufacture of all types of CNC machine tools  BCD  <i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i>	7.5%	2.5%
15	CNC Systems for use in the manufacture of all types of CNC machine tools  BCD  <i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i>	10%	2.5%
16	All items of machinery, including, instruments, apparatus and appliances, transmission equipment and auxiliary equipment (including those required for testing and quality control) and components, required for,-  (a) initial setting up of fuel cell based system for generation of power or for demonstration purposes; or  i) BCD (subject to aforesaid conditions) ii) CVD (subject to aforesaid conditions)   (b) balance of systems operating on bio-gas or bio-	10%/7.5%  12.5%	5%  6%

	<p>methane or by-product hydrogen, when imported into India</p> <p>i) BCD (subject to aforesaid conditions)</p> <p>ii) CVD (subject to aforesaid conditions)</p> <p><u>Conditions :</u></p> <p>(1) the importer produces to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, a certificate indicating the quantity, description and specification of such items, from an officer not below the rank of a Deputy Secretary to the Government of India in the Ministry of New and Renewable Energy recommending grant of the exemption to the items as required for,-</p> <p>(a) initial setting up of fuel cell based system for generation of power or for demonstration purposes; or</p> <p>(b) balance of systems operating on bio-gas or bio-methane or by-product hydrogen; .</p> <p>(2) the importer furnishes an undertaking to the Deputy Commissioner of Customs or the Assistant Commissioner of Customs, as the case may be, that such imported items shall be used for the purposes as specified above and, if the importer</p>	<p>10%/7.5%</p> <p>12.5%</p>	<p>5%</p> <p>6%</p>
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	<p>fails to comply with this condition, he shall be liable to pay, in respect of such items as is not proved to have been so used, an amount equal to the difference between the duty leviable on such items but for the exemption under this notification and that already paid at the time of importation</p> <p><i>(Notification No. 05/2017 dated 2<sup>nd</sup> February 2017)</i></p>		
17	<p>All parts for use in the manufacture of LED Lights or fixtures including LED lamps</p> <p>BCD &amp; CVD <i>(Subject to aforesaid Condition)</i></p> <p>All inputs for use in the manufacture of LED Driver and MCPCB for LED lights or fixtures, including LED lamps, (subject to actual user condition)</p> <p>BCD <i>(Subject to aforesaid Condition)</i></p> <p><i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i></p>	<p>Applicable BCD / CVD</p> <p>Applicable BCD</p>	<p>BCD – 5 % CVD – 6 %</p> <p>5 %</p>

1.3 Customs duty (BCD/CVD/SAD) reduced:

Sr. No.	Particulars	Existing Rate	New Rate
1	Catalyst for use in the manufacture of cast components of Wind Operated Electricity Generator <i>(Subject to Actual User Condition)</i>  CVD <i>(Subject to aforesaid Condition)</i> SAD <i>(Subject to aforesaid Condition)</i>  <i>(Finance Bill, 2017 read with Notification No. 04/2017 and 06/2017 dated 2<sup>nd</sup> February 2017)</i>	12.50%  4%	NIL  NIL
2	Resin for use in the manufacture of cast components of Wind Operated Electricity <i>(Subject to Actual User Condition)</i>  CVD <i>(Subject to aforesaid Condition)</i> SAD <i>(Subject to aforesaid Condition)</i>  <i>(Finance Bill, 2017 read with Notification No. 04/2017 and 06/2017 dated 2<sup>nd</sup> February 2017)</i>	12.50%  4%	NIL  NIL
3	O-Xylene  BCD  <i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i>	2.50%	NIL  <hr/>

4	Solar tempered glass or solar tempered (antireflective coated) glass for use in manufacture of solar cells/panels/modules  BCD  <i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i>	5.00%	NIL
5	Nickel and articles thereof  BCD  <i>(Notification No. 06/2017 dated 2<sup>nd</sup> February 2017)</i>	2.50%	NIL
6	(i) Micro ATMs (ii) Fingerprint reader / scanner (iii) Iris scanner (v) Parts and components for use in the manufacture of the goods mentioned at (i) to (iv) above.	5.00%	NIL

1.4 **Other amendments:**

Sr. No.	Particulars
1	Notification No. 03/2017–Cus. dated 02.02.2017 has amended Notification No. 27/2011–Cus. dated 01.03.2011 which has prescribed <b>Nil</b> rate of export duty on “All goods, other than aluminium ores including laterite” for which tariff rate of 30% has been prescribed by the Finance Bill 2017.
2	Notification No. 04/2017–Cus. dated 02.02.2017 has amended Notification No. 21/2012–Cus. dated 17.03.2012 which has <b>levied</b> SAD on Mobile Phones inspite of BCD and CVD being exempt for the aforesaid product.
3	Notification No. 06/2017–Cus. dated 02.02.2017 has amended the condition related to Total value of Goods imported from 3 % to 5 %. Of FOB Value".
4	Notification No. 06/2017–Cus. dated 02.02.2017 has prescribed the conditions with respect to <b>disposal of Exempted Imported Goods</b> (Exempted vide Notiifcation No 12/2012) being disposed off by the Importer / Transferee and on disposal of such goods, duty shall be levied on the depreciated value of such goods as reduced by % points calculated by Straigh Line Method of Depreciation for each quarter of year.
5	Notification No. 06/2017–Cus. dated 02.02.2017 has amended Notification No. 21/2012–Cus. dated 17.03.2012 imposing NIL Rate of BCD, CVD and SAD on goods imported through postal parcels, packets and letters, the CIF Value of which is not more than one thousand rupees per consignment instead of NIL Rate of BCD imposed earlier on goods imported through postal parcels, packets and letters, the duty payable on which is not more than one hundred rupees.

### 1.5 Levy of countervailing duty on exempted subsidies:

Under the current provisions<sup>1</sup> exemption was provided from levy of countervailing duty on subsidies provided by countries on:

1.5.1 Research activities

1.5.2 Assistance provided to disadvantageous regions within territory of exporting country

1.5.3 Assistance provided to promote adaptation of existing facilities as per new environmental requirements.

Now, it is proposed<sup>2</sup> to withdraw the above exemption and impose countervailing duty on those products that receive subsidies on the above account.

### 1.6 Re-grouping in Tariff:

Sr. No.	Present Tariff Code	Present Description	Proposed Tariff Code	Proposed Description
1	3904 00	-Poly (vinyl chloride), not mixed with any other substances	3904 10	-Poly (vinyl chloride), not mixed with any other substances
	3904 10 10	-Binders for pigments	3904 10 10	---Emulsion grade PVC resin/PVC Paste resin/PVC
			3904 10 20	---Suspension grade PVC resin

<sup>1</sup> Clause (c) of sub-section (3) of section 9 of Customs Tariff Act,1975.

<sup>2</sup> Clause 108 of Finance Bill, 2017.

	3904 10 90	-Other	3904 10 90	---Other
				- Other poly (vinyl chloride), mixed with other substances
<b>2</b>	<b>3904 21</b>	<b>-Non-plasticised</b>	<b>3904 00</b>	<b>--Non-plasticised</b>
	3904 21 10	-Poly (vinyl chloride) resins		
	3904 21 90	-Other		
<b>3</b>	<b>3904 22</b>	<b>-Plasticised</b>	<b>3904 22 00</b>	<b>--Pasticised</b>
	3904 22 10	-Poly (vinyl chloride) (PVC) Resins (emulsion grade)		
	3904 22 90	-Other		
<b>4</b>	<b>3823 11 11</b>	<b>-Crude</b>	<b>3823 11 00</b>	<b>--Stearic Acid</b>
	3823 11 12	-RBD		
	3823 11 19	-Other		
	3823 11 90	-Other Stearic acid or stearin		



**1.7 Reclassification of Chapter Heading with no change in rate of duty:**

Sr. No.	Present Tariff Code	Present Tariff Description	Proposed Tariff Head	Proposed Tariff Description
1	1302 32 10	-Guar Meal	1106 10 10 <sup>3</sup>	---Guar Meal
2	1302 32 20	-Guargum refined spilt	1106 10 90	---Others

**1.8 Insertion of New Tariff in First Schedule to the Customs Tariff Act:**

Sr. No.	Tariff Code proposed	Tariff Item Description	Unit	Standard Rate of Duty	Preferential Rate of Duty
1	1511 90 30	---Refined bleached deodorized palm stearin	Kg.	100%	90%

**1.9 Insertion of New Tariff in Second Schedule to the Customs Tariff Act:**

Sl. No.	Tariff Code proposed	Tariff Item Description	Rate of duty
23C	2606 00 90	Other aluminium ores and concentrates	30%

<sup>3</sup> It is proposed under Tariff code 1106 10 -Of the dried leguminous vegetables of heading 0713

**1.10 Notes:**

1.11.1. It is proposed to delete that tariff item 5402 59 10 and 5402 693 relating to Polypropylene filament yarn is being deleted.

1.11.2. Tariff heading 9804 is proposed to be amended to include “All dutiable goods imported for personal use” which was earlier restricted only to importation by post or air.

1.11.3. The blanket rates for import of goods by a passenger or a member of a crew as given under tariff heading 9803 and for goods imported for personal consumption under tariff heading 9804 shall not be applicable to alcoholic beverages and tobacco or tobacco manufactured products.

**2. Amendment in Customs Act - Authority for advance ruling under Customs**

2.1 Advance Rulings cases are now proposed to be transferred to Income tax Advance Ruling Authorities<sup>4</sup> as against the Central Excise, Customs & Service Tax Advance Ruling Authorities from the day the Finance Bill, 2017 receives assent from President. Consequently, following amendments are proposed:

2.1.1 All the proceedings pending with the erstwhile Authority on the day of enactment of Finance Bill, 2017 shall be transferred to the constituted authority.

2.1.2 The application fee for Advance Rulings is proposed to be increased to Rs. 10,000/- from existing Rs. 2,500/-.

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<sup>4</sup> Constituted under Section 245-O of the Income tax Act, 1961

2.1.3 This Advance Ruling shall be pronounced by the authority within 6 months instead of 90 days at present.

### 3. New requirement of providing of passenger information by conveyance departing from/arriving to India

3.1 Hitherto, if the vessel, aircraft or vehicle carries imported goods, the import manifest including passenger information is required to be provided to Customs Authorities. However, no information is required to be provided if the vessel, aircraft or vehicle carries only passengers. Now, it is proposed that the person in charge of any conveyance departing from/arriving to India will have to deliver the passenger and crew manifest and passenger name record information<sup>5</sup>. If such information is not delivered within prescribed time and proper officer is satisfied that there is no sufficient cause for delay, penalty upto Rs. 50,000/- may be levied.



### 4. Condition for filing of Bill of Entry upon arrival

4.1 Presently, Bill of Entry can be filed at any time after delivery of import manifest/import report. Further, an option to file advanced bill of entry is available provided the conveyance is expected to arrive within 30 days<sup>6</sup>.

4.2 Now, it is proposed that importer shall present Bill of Entry within 1 day (excluding Holidays) of arrival of



<sup>5</sup> Section 30A and Section 41A proposed to be inserted to Customs Act, 1962

<sup>6</sup> Section 46 (3) of Customs Act, 1962

aircraft/vessel/vehicle carrying the goods at a customs station.

- 4.3 The advance bill of entry can be filed as earlier i.e. within 30 days before the expected arrival of aircraft/vessel/vehicle. Further, now, if the bill of entry is not presented within prescribed time limit and no sufficient cause is provided for such delay, late charges may be levied on importer.

## 5. Reduction in time limit for payment of import duty

- 5.1 Presently, if the importer fails to pay import duty within 2 days of date on which Bill of Entry is returned to him for payment or in case of deferred payment, as prescribed in rules then interest is charged<sup>7</sup>.
- 5.2 As per the proposed amendment, the importer shall pay import duty on the date of presentation of bill of entry in case of self-assessment or within 1 day from the date on which it is returned to him for payment. If the importer fails to pay the duty within above time limits, interest will be charged.

## 6. Storage of Goods in a public warehouse

- 6.1 Importers are allowed to warehouse goods by following specific procedures for a longer period<sup>8</sup>. However, some times, the importer does not wish to warehouse goods but due to certain circumstances, he is unable to clear goods for home consumption. In such cases, the importers are



<sup>7</sup> Section 47(2) of Customs Act, 1962

<sup>8</sup> Chapter IX of Customs Act, 1962

allowed to store goods at warehouses pending clearances for temporary period<sup>9</sup> without following warehousing procedures.

6.2 This facility of storing the goods for temporary period pending clearance is now proposed to be extended even for the goods intended to be warehoused for longer period. Hence as per the proposal the goods can be temporarily stored in a warehouse before they can be transferred to warehouse specified under chapter IX by following due procedure.

## **7. Foreign Post office & International Courier Terminal to be treated as Custom Station**

7.1 Presently, notified<sup>10</sup> Customs port, airport and land custom stations are treated as 'customs station' for the purpose of clearance of goods for imports and exports. Now, it is proposed<sup>11</sup> that International Courier Terminal and Foreign Post Office would also be treated as Customs stations.

7.2 The label or declaration on the post parcels are deemed to be an entry for imports/exports<sup>12</sup>. Now, it is proposed that all imports/exports through post would be cleared under an entry as per prescribed regulations. In other words, the label or declaration would not be considered as an entry<sup>13</sup>.

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<sup>9</sup> Section 49 of Customs Act, 1962

<sup>10</sup> Section 7 of Customs Act, 1962

<sup>11</sup> Clause 88 (e) and (g) of Finance Bill, 2017

<sup>12</sup> Section 82 of Customs Act, 1962

<sup>13</sup> Clause 103 and 104 of Finance Bill, 2017

## 8. Changes in Declaration for Export of warehoused goods without payment of import duty

8.1 Presently, imported goods which have been kept in a warehouse without payment of import duty can be exported without payment of import duty if, inter alia, other documents, labels or declarations have been presented at the time of export.

8.2 As per the proposed amendment, submission of mere label or declaration will not suffice for export of goods without payment of duty. In such cases a form as may be prescribed needs to be presented.

## 9. Amendment in relation to procedures relating to the Settlement Commission

9.1 Presently, an importer, exporter or any other person may disclose additional Customs Duty liability and apply to the settlement commission subject to following conditions<sup>14</sup>:

9.1.1 The applicant has filed bill of entry, shipping bill etc. and SCN is issued

9.1.2 Additional Customs Duty accepted exceeds Rs. 3 Lakhs and

9.1.3 Such additional Customs Duty is paid alongwith interest.



9.2 Now, if such applicant's case is settled or pending before the Settlement Commission and SCN is issued to any other person in relation to such case, such other person is

<sup>14</sup> Section 127B of the Customs Act, 1962

also proposed to be allowed to make an application to Settlement Commission. However, such application can be made only if the SCN is pending before adjudicating authority.

9.3 Sub section (3) of Section 127C has been proposed to be amended to empower the Settlement Commission to call for report and the relevant records from Principal Additional Director General of Revenue Intelligence or Additional Director General of Revenue Intelligence having jurisdiction, which is presently restricted to calling details from Principal Commissioner or Commissioner of Customs having jurisdiction.

9.4 Now, it is proposed<sup>15</sup> that settlement commission, may within 3 months from the date of passing of the Order, amend the said order to rectify any error apparent on the face of records, either *suo-motto* or on such error brought to notice by Departmental authorities such as Principal Commissioner/Commissioner etc.

9.5 Further, it has been provided that, in case where such rectification results into enhancement of liability of assessee, then, opportunity of being heard shall be given to applicant first before passing such order.

9.6 The said changes are effective from the date of enactment of Finance Bill, 2017.

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<sup>15</sup> Section 127C (5A) of Customs Act, 1962

**Abbreviations:**

<b>Name</b>	<b>Particulars</b>
<b>BCD</b>	Basic Customs Duty
<b>CVD</b>	Countervailing Duty
<b>SAD</b>	Special Additional Duty



## **10. Disclaimer**

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2/19 Nityanand Nagar, Sahar Road,  
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A-36, First Floor, Ring Road,  
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**East Region**

406A - 406B, 4<sup>th</sup> Floor,  
Todi Chamber, 2, Lal Bazar Street,  
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**South Region**

64, Thirumalai Pillai Road,  
T. Nagar, Chennai – 600 017.



[www.gscintime.com](http://www.gscintime.com)



+91 22 2683 6519

+91 98210 12151



[jayeshgogri@gscintime.com](mailto:jayeshgogri@gscintime.com)

[info@gscintime.com](mailto:info@gscintime.com)