



PROPOSED AMENDMENTS IN THE CUSTOMS LAW AND AMENDMENTS IN CUSTOMS RATE

BY

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Services Pvt. Ltd.
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Abbreviations

Customs Act	Customs Act, 1962
Customs Tariff Act	Customs Tariff Act, 1975
Board	Central Board of Indirect Taxes & Customs
Sec.	Section
FTP	Foreign Trade Policy
Rs.	Rupees

Ease of doing business and checking tax evasion

<p>Current Scenario (Sec. 41)</p>	<p>Under the Customs Act, responsibility is casted on person-in-charge of the conveyance, including the master of vessel to give the Customs Authorities manifesto of the cargo exported or imported.</p>
<p>Proposed Change in Law</p>	<p>Now the Departure/ Export Manifest or Export Report, can be furnished by a person notified by the Central Government, in addition to the Person-in-charge of the conveyance.</p>
<p>Effective Date</p>	<p>Date of enactment of Finance Bill, 2019</p>

Introduction of new provisions titled as 'Verification of Identity and Compliance' (Sec. 99B)

Authorising Proper Officer, when considered necessary to seek verification of a person in order to-

- **Ascertain compliance of the provisions of the Customs Act**
- **Protect interest of Revenue**
- **Prevent smuggling**

Verification can be done in following way-

- **By undergoing Aadhaar Verification**
- **By asking to submit such other document or information as may be prescribed**

On failure to comply with the above or in case of submission of incorrect documents or information, the officer is empowered to pass an order to suspend, after providing an opportunity to submit viable means of identification or correct information-

- **Clearance of imported goods or export goods**
- **Sanction of refund**
- **Sanction of drawback**
- **Exemption from duty**
- **License or registration granted under Customs Act**

Such suspension order shall remain in force until concerned person furnishes above mentioned document/ information.

However, Board is empowered to exempt any person or class of person from undergoing such verification and furnishing verification

Effective Date

Date of enactment of Finance Bill, 2019

Empowering the Proper Officer to screen/ scan person

<p>Current Scenario (Sec. 103)</p>	<p>Proper Officer was empowered to screen/ scan detained person only after prior permission from Magistrate of a Court</p>
<p>Proposed Change in Law (Sec. 103)</p>	<p>Instead of taking prior permission from Magistrate of a Court, proper officers are empowered with the prior approval of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, to enable him to scan/ screen person who is suspected with reasonable belief, of confiscation of goods by secreting inside his body</p> <p>After screening/ scanning, proper officer can directly furnish the said report to the nearest magistrate if such goods are found secreted inside the body of the said person, without unnecessary delay</p>
<p>Effective Date</p>	<p>Date of enactment of Finance Bill, 2019</p>

Authorising Customs Officers to arrest offender even outside India

<p>Current Scenario (Sec. 104)</p>	<p>Customs Officers had power to arrest a person upon reason of committing an offence under specified sections: 132, 133, 135 or 135A or 136, only within India or within India Customs Water</p>
<p>Proposed Change in Law</p>	<p>Authority granted to Customs Officer, by general or special order of the Principal Commissioner of Customs or Commissioner of Customs, to arrest a person upon reason of committing an offence under specified sections: 132, 133, 135 or 135A or 136, within India or Indian Customs Waters as well as outside India</p> <p>Further, following offences inserted to be made cognizable and non-bailable-</p> <ul style="list-style-type: none"> - Person fraudulently availing drawback or any exemption from duty for amount exceeding Rs. 50 lakhs; - Person fraudulently obtaining and utilising FTP benefits, such as scrips and authorizations, where amount exceeds Rs. 50 lakhs
<p>Effective Date</p>	<p>Date of enactment of Finance Bill, 2019</p>

Seizure of goods from person other than owner of goods

Current Scenario (Sec. 110)

Earlier Custom Officers were empowered to seize the goods which were liable for confiscation and in case of impracticability to seize such goods, the proper officer was authorized to serve an order on the person that he will not remove or part with the goods unless permitted by the officer.

Proposed Change in Law

Amendment will be made to empower proper officer that in case where it is not practical for him

- to remove, transport, store or take physical possession of the seized goods OR
seize the goods

the proper officer may give the custody of such goods to the owner, beneficial owner, person holding himself out to be the importer or any other person on execution of an undertaking that he shall not remove or part with the goods unless permitted by the officer.

Proper Officer will also be empowered to provisionally attach any bank account for safeguarding the revenue and prevention of smuggling, for a period not exceeding 6 months, which can be extended by a further 6 months by the Principal Commissioner of Customs or Commissioner of Customs.

Effective Date

Date of enactment of Finance Bill, 2019

Miscellaneous Amendments

<p>Current Scenario (Sec. 110A)</p> <p>Proposed Change in Law</p>	<p>Presently, the proper officer are not empowered to release the bank account pending the order of the adjudication.</p> <p>Now, the proper officer who had the power to provisionally release seized goods, documents or things, pending the order of the adjudicating authority will now also be empowered to provisionally release the attached bank accounts, on taking bond from such person or account holder with such security and conditions as the adjudicating authority may require.</p>
<p>New provision of Penalty for obtaining instrument by fraud, etc. (Sec. 114AB)</p>	<p>Any person who has obtained any instrument by fraud, collusion, wilful misstatement or suppression of facts and such instrument has been utilized by such person or any other person for discharging duty, then penalty shall be imposed on such person up to the face value of instrument.</p>
<p>Increase in the general penalty for contravention of the Act, not expressly mentioned anywhere (Sec. 117) and penalty for violation of Customs Rules and Regulations (Sec. 158)</p>	<p>Maximum limit of general penalty proposed to be increased from Rs. 1 lakh to Rs. 4 lakh. Increase the maximum limit of penalty for violation of any provisions of rules or regulations made under Customs Act from Rs. 50 Thousand to Rs. 2 lakh</p>
<p>Effective Date</p>	<p>Date of enactment of Finance Bill, 2019</p>

Miscellaneous Proposed Amendments

In case of provision dealing with evasion of duty or prohibition new provision is added (Sec. 135)

It will be a punishable offence in case a person obtains any instrument from any authority by fraud, collusion, wilful misstatement or suppression of facts, where such instrument has been utilized by any person and if duty relatable to utilization of the instrument exceeds Rs. 50 Lakhs

Empowering of board to amend document presented in the custom house (Sec. 149 and 157)

The Board will be empowered to make regulations specifying time, form, manner, restrictions and conditions for amendment of any document liable to be presented in the Customs House for the purpose of verification of identity of a person. This provision to amend was not available earlier after the imported goods have been cleared for home consumption or deposited in a warehouse, or the export goods have been exported

Effective Date

Date of enactment of Finance Bill, 2019



CUSTOMS TARIFF ACT PROPOSED AMENDMENTS

Circumvention of Countervailing Duty

Countervailing duty (Sec. 9) Amendment proposed to be made to control the circumvention of the countervailing duty. Certain articles on which countervailing duty has been imposed are unassembled/disassembled, their description/name/composition/country of origin has been altered so that countervailing duty can be avoided, the Government has been now empowered to levy the countervailing duty even on such unassembled/disassembled articles or the articles in respect of which their description/name/composition/country of origin is altered

Effective Date

Date of enactment of Finance Bill, 2019

Amendments in the First Schedule to the Customs Tariff Act, 1975



Amended with effect from
06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
0801 32 10	Cashew Kernel, broken	Rs. 60 per Kg or 45%, whichever is higher	70%
0801 32 20	Cashew Kernel, whole	Rs. 75 per Kg or 45%, whichever is higher	70%
0801 32 90	Cashew Shelled, Other	Rs. 75 per Kg or 45%, whichever is higher	70%
2515 12 20	Marble slabs	20%	40%
2612 10 00	Uranium Ores and concentrate (U ₃ O ₈), for generation of nuclear power	2.5%	Nil

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect from
06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
2710	Naphtha	5%	4%
2844 20 00	Sintered natural uranium dioxide, Sintered uranium dioxide pellets (U-235), for generation of nuclear power	7.5%	Nil
2903 15 00	Ethylene dichloride (EDC)	2%	Nil
2910 20 00	Methyloxirane (propylene oxide)	7.5%	5%
27090000	Petroleum Crude	Nil	Rs 1 per Tonne
Note: End used based Exemption on "291570" is being withdrawn			

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect from
06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
3904	Polymers of vinyl chloride	7.5%	10%
3918	Floor covering of plastics, Wall or ceiling coverings of plastics	10%	15%
3926 90 91, 3926 90 99	Articles of plastics	10%	15%
4011 31 10	Chlorobutyl rubber	5%	10%
4011 39 10	Bromobutyl rubber	5%	10%

Note: End used based Exemption on “38231100”, “38231200”, “38231300”, “38231900” is being withdrawn

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect from
06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
4801	Newspaper (In rolls or sheets)	Nil	10%
4802	Uncoated paper and paper board	Nil	10%
4810	Light weight coated paper (used in printing magazines)	Nil	10%
49011010, 49019100 or 49019900	Printed books (including covers for printed books) and printed manuals, in bound form or in loose -leaf form with binder, executed on paper or any other material including transparencies	Nil	5%

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect from
06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
5101	Wool Fibre	5%	2.5%
5105	Wool Tops	5%	2.5%
6802 10 00, 6802 21 10, 6802 21 20, 6802 21 90, 6802 91 00, 6802 92 00	Marble slabs	20%	40%
56039400	Water blocking tapes for manufacture of optical fibre cable	Nil	20%

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect from
06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
6813	Friction material and articles thereof (for example, sheets, rolls, strips, segments, discs, washers, pads), not mounted, for brakes, for clutches or the like, with a basis of asbestos, of other mineral substances or of cellulose, whether or not combined with textile or other materials.	10%	15%
6905	Roofing tiles , chimney-pots , cowls, chimney liners, architectural ornaments and other ceramic constructional goods	10%	15%
6907	Ceramic flags and paving, hearth or wall tiles; ceramic mosaic cubes and the like, whether or not on a backing; finishing ceramics	10%	15%

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect
from 06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
7107 00 00	Base metals clad with silver, not further worked than semi-manufactured (all goods)	10%	12.5%
7108	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	10%	12.5%
7106	Silver dore bar having silver content not exceeding 95%	9.35%	11.85%
7108	Gold dore bar, having gold content not exceeding 95%	9.35%	11.85%
71 or 98	Gold bars, other than tola bars, bearing manufacturer's or refiner's engraved serial number and weight expressed in metric units, and gold coins having gold content not below 99.5%, imported by the eligible passenger (ii) Gold in any form other than (i), including tola bars and ornaments, but excluding ornaments studded with stones or pearls	10%	12.5%

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect
from 06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
7109 00 00	Base metals or silver, clad with d not further worked than semi-manufactured	10%	12.5%
7110	Platinum, unwrought or in semi-manufactured form, or in powder form	10%	12.5%
7111 00 00	Base metals, silver or gold, clad with platinum, not further worked than semi-manufactured	10%	12.5%
7112	Waste and scrap of precious metals or of metal clad with precious metals; other waste and scrap containing precious metal compounds, of a kind used principally for the recovery of precious metal	10%	12.5%

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect from
06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
7218	All goods	5%	7.5%
7224	All goods	5%	7.5%
7229	All goods other than INVAR (INVAR shall be taxed at 5%)	5%	7.5%
7225 19 90	Magnesium Oxide (MgO) coated cold rolled steel coils for use in manufacture of cold rolled grain oriented steel (CRGO) falling under 7225 11 00	5%	2.5%
7226 99 30	Amorphous alloy ribbon	10%	5%

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect
from 06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
8105 20 10	Cobalt mattes and other intermediate products of cobalt metallurgy	5%	2.5%
8301 20 00	Locks of a kind used in motor vehicles	10%	15%
8302	Base metal mountings , fittings and similar articles suitable for furniture, doors, staircases, windows, blinds, coachwork, saddlery, trunks, chests, caskets or the like ; base metal hat-racks , hat -pegs , brackets and similar fixtures; castors with mountings of base metal; automatic door closers of base metal	10%	15%
8415 90 00	Indoor and outdoor unit of split –system air conditioner(other than indoor and outdoor at 10%)	10%	20%
8421 39 20 & 84213990	Catalytic convertors	5%	10%

Note: All the goods falling under these tariff items other than catalytic convertors will continue at 7.5%

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect from
06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
8474 20 10	Stone crushing (cone type) plants for the construction of roads	Nil	7.5%
8504 40	Charger/Power adapter for CCTV camera/IP camera/DVR/NVR	Nil	15%
8512 10 00, 8512 20 10, 8512 20 20	Lighting or visual signalling equipment of a kind used in bicycles or motor vehicles	10%	15%
8512 30 10	Horns for vehicles	10%	15%
8512 40 00	Windscreen wipers, defrosters and demisters, Sealed beam lamp units and other lamps for automobiles	10%	15%

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect from
06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
8512 20 90, 8512 30 90	Other visual or sound signalling equipment for bicycles or motor vehicles	7.5%	15%
8512 90 00	Parts of visual or sound signalling equipment for bicycles or motor vehicles	7.5%	10%
8518 21 00, 8518 22 00	Loudspeakers	10%	15%
8521 90 90	CCTV camera and IP camera	15%	20%
8525 80	Optical Fibres, optical fibre bundles and cables	10	15%

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect
from 06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
Chap 84 or any other chapter	Providing option to pay BCD at transaction value on the disposal of goods, imported without payment of customs duty for petroleum operation-coal bed methane operations where such disposal is made in unserviceable and mutilated condition	Applicable rate on depreciated value	7.5% on Transaction value
8539 10 00, 8539 21 20, 8539 29 40	Windscreen wipers, defrosters and demisters, Sealed beam lamp units and other lamps for automobiles	10%	15%
8702 or 8704	Completely Built Unit (CBU) of vehicles falling under heading 8702, 8704	25%	30%
8706	Chassis fitted with engines, for the motor vehicles of headings 8701 to 8705.	10%	15%
8707	Bodies (including cabs), for the motor vehicles of headings 8701 to 8705	10%	15%

Amendments in the First Schedule to the Customs Tariff Act, 1975

Amended with effect
from 06.07.2019

Tariff Heading	Description	Existing Rate	New Rate
9001 10 00	Optical Fibres, optical fibre bundles and cables	10%	15%
Chap 90	Raw material, parts and accessories for use in the manufacture of artificial kidney, disposable dialyzers and micro barriers of artificial kidney	Applicable Rates	Nil

Amendments in the Second Schedule to the Customs Tariff Act, 1975

Amended with effect
from 06.07.2019

Tariff Heading	Export duty changes	Existing Rate	New Rate
41	El tanned Leather	15%	Nil
41	Hides, skins and leathers, tanned and untanned, all sorts	60%	40%

Amendments in the Sixth Schedule to the Customs Tariff Act, 1975

Amended with effect from
06.07.2019

Sr. No	Additional duty of customs on Road and Infrastructure	Existing Rate	New Rate
1	Motor spirit commonly known as petrol	Rs. 8 per litre	Rs. 10 per litre
2	High speed diesel oil	Rs. 8 per litre	Rs. 10 per litre

Amendments in Road and Infrastructure Cess

Amended with effect from
06.07.2019

Sr. No	Effective rate on Road and Infrastructure (levied as additional duty of customs)	Existing Rate	New Rate
1	Motor spirit commonly known as petrol	Rs. 8 per litre	Rs. 9 per litre
2	High speed diesel oil	Rs. 8 per litre	Rs. 9 per litre

Export Promotion for sports goods

Amended with effect from
06.07.2019

Tariff Heading	Effective rate on Road and Infrastructure	Existing Rate	New Rate
39,4407	Foam-EVA foam (39) and pine wood(4407) are being included in the list of items allowed duty free import upto 3% of FOB value of sports goods exported in the preceding financial year subject to specified conditions	Applicable rate	Nil

Clarifications and miscellaneous changes regarding BCD

Amended with effect
from 06.07.2019

Tariff Heading	Miscellaneous
2309	Clarification is being issued that prawn feed and shrimp other than in pellet form will also attract 5% custom duty applicable on other fish feed in pellet form.
9804	Printed Books have been excluded from chapter 98 and the same shall be taxable at the applicable rates

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