



# Overview of Union Budget 2026-27

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Detailed analysis of **Customs** Proposals and Amendments including Broad level Proposal for Rate changes

## Key highlights – Customs

- ⌚ Customs Act, 1962 will now extend its jurisdiction to fishing and allied activities by Indian-flagged vessels beyond India's territorial waters
- ⌚ Further, fish harvested by Indian-flagged vessels beyond territorial waters may be imported into India duty-free, and if landed at a foreign port, may be treated as exports subject to prescribed conditions
- ⌚ Validity period of advance ruling has been extended from 3 years to 5 years, without altering the condition related to change in law or facts
- ⌚ Prior permission of the proper officer for inter-warehouse transfer has been removed, simplifying the procedure
- ⌚ Extensive amendments have been carried out in Customs Tariff to incorporate various exemptions, concessions and rate changes

# AMENDMENTS IN CUSTOMS ACT, 1962

## Extension of Customs Act to Fishing Activities Beyond Territorial Waters...

### Background

- ⌚ Section 1 of the Customs Act, 1962 lays down the short title, extent, and commencement of the Act, signifying Parliament's intent to create a uniform, nationwide law governing customs in India

### Current Scenario

- ⌚ Section 1(2) of the Customs Act extends to the whole of India and applies to certain offences committed outside India but does not expressly cover fishing activities by Indian vessels beyond territorial waters

### Change in Law

- ⌚ The Finance Bill 2026 proposes to extend Section 1(2) of the Customs Act to expressly cover fishing and fishing-related activities by Indian-flagged vessels beyond territorial waters
- ⌚ Further, "Indian-flagged fishing vessel" is proposed to be defined to mean a vessel used or intended to be used for fishing in seas and entitled to fly the flag of India

## ...Extension of Customs Act to Fishing Activities Beyond Territorial Waters

### WEF

- 🕒 Date of enactment of the Finance Act 2026

### Impact

- 🕒 The amendment expressly brings fishing and fishing-related activities by Indian-flagged vessels beyond territorial waters within the Customs Act, enabling customs control, compliance, and fiscal benefits for deep-sea fishing operations

## Customs Framework for Deep-Sea Fishing and Duty-Free Treatment of Fish Harvested Beyond Territorial Waters

### Background

- 🕒 With the expansion of deep-sea fishing by Indian vessels, there was a need to provide a clear customs framework for the treatment of fish harvested beyond India's territorial waters

### Current Scenario

- 🕒 The Customs Act does not specifically address fish caught beyond territorial waters, creating uncertainty on duty and export treatment

### Change in Law

- 🕒 A new Section 56A is proposed to be introduced to allow fish harvested by Indian-flagged vessels beyond territorial waters to be brought duty-free into India and if landed abroad, treated as exports, with rules governing declaration, clearance, transit etc.

### WEF

- 🕒 Date of enactment of the Finance Act 2026

### Impact

- 🕒 The provision creates a clear and facilitative customs regime for deep-sea fishing, enabling duty-free entry into India and export benefits for fish harvested beyond territorial waters

## Amendment Treating 15% Penalty under Deemed Conclusion of Proceedings as a Statutory Charge for Non-Payment of Duty

- Background** ☑ Section 28 of the Customs Act deals with notices for payment of duty, interest, and penalty, and provides for deemed conclusion of proceedings once dues are paid
- Current Scenario** ☑ Under Section 28(6)(i), when duty along with interest and penalty (@15%) has been fully paid, the proceedings are deemed conclusive as to the matters stated therein, though the provision does not explicitly treat the penalty paid as a charge for non-payment of duty
- Change in Law** ☑ It is proposed that the proceedings shall be deemed conclusive as to the matters stated, and the penalty paid at 15% shall also be treated as a charge for non-payment of duty under this sub-section
- WEF** ☑ Date of enactment of the Finance Act 2026
- Impact** ☑ The amendment clarifies that penalty paid under deemed conclusion proceedings is also treated as a charge for non-payment of duty, strengthening enforceability and recovery mechanisms

## Extension of Validity of Customs Advance Rulings from 3 Years to 5 Years



### Background

- ⌚ Section 28J of the Customs Act deals with the applicability and validity of advance rulings issued to provide certainty to importers and exporters

### Current Scenario

- ⌚ Under Section 28J (2), an advance ruling is valid for 3 years from the date of the ruling or until there is a change in law or facts, whichever is earlier

### Change in Law

- ⌚ The Finance Bill 2026 proposes to extend the validity period of advance rulings from 3 years to 5 years
- ⌚ Further, the Finance Bill 2026 proposes to extend the validity of advance ruling in force, on the date of Presidential assent to the Finance Bill 2026, to 5 years from the date of the ruling, upon request by the applicant

### WEF

- ⌚ Date of enactment of the Finance Act 2026

### Impact

- ⌚ The amendment enhances certainty and long-term predictability for taxpayers with respect to customs advance rulings



## Simplified and Modernized Framework for Inter-Warehouse Transfer of Warehoused Goods

### Background

- ⌚ Section 67 of the Customs Act regulates the movement of goods between bonded warehouses. With evolving trade and logistics practices, there was a need to simplify and streamline warehouse-to-warehouse transfers under modern rules

### Current Scenario

- ⌚ Under the existing Section 67, the warehoused goods can be removed from one warehouse to another with the permission of proper officer

### Change in Law

- ⌚ Section 67 is proposed to be substituted to do away with the requirement of prior permission of proper officer for removal of goods by the owner of any warehoused goods from one warehouse to another, subject to conditions prescribed by rules

### WEF

- ⌚ Date of enactment of the Finance Act 2026

### Impact

- ⌚ Simplifies and modernizes the movement of warehoused goods, allowing easier transfers under prescribed conditions

## Other amendments under Customs Law

- ⌚ **Customs Tariff amendments:** Extensive amendments have been carried out in Customs Tariff to incorporate various exemptions, concessions and rate changes
- ⌚ **Amendment to Rules under Customs Act, 1962:** The amendments modernize baggage and deferred duty payment frameworks under the Customs Act by enhancing passenger facilitation, clarifying temporary carriage provisions, restructuring Transfer of Residence benefits, extending deferred duty payments to a monthly cycle, and expanding eligibility to improve trade facilitation and cash-flow efficiency
- ⌚ **Board can regulate custody of goods imported or exported by post or courier:** Board's regulatory power for goods imported or exported by post or courier has been expanded to include custody of goods, in addition to examination, assessment and clearance

## Abbreviations...

<b>WEF</b>	With Effect From
<b>FY</b>	Financial Year
<b>FTP</b>	Foreign Trade Policy
<b>Govt.</b>	Government
<b>GST</b>	Goods and Service tax
<b>Sec.</b>	Section
<b>T/o</b>	Turnover
<b>TCS</b>	Tax collected at source
<b>SEZ</b>	Special economic zone
<b>CGST</b>	Central goods and service tax
<b>IGST</b>	Integrated goods and service tax
<b>FEMA</b>	Foreign Exchange Management Act

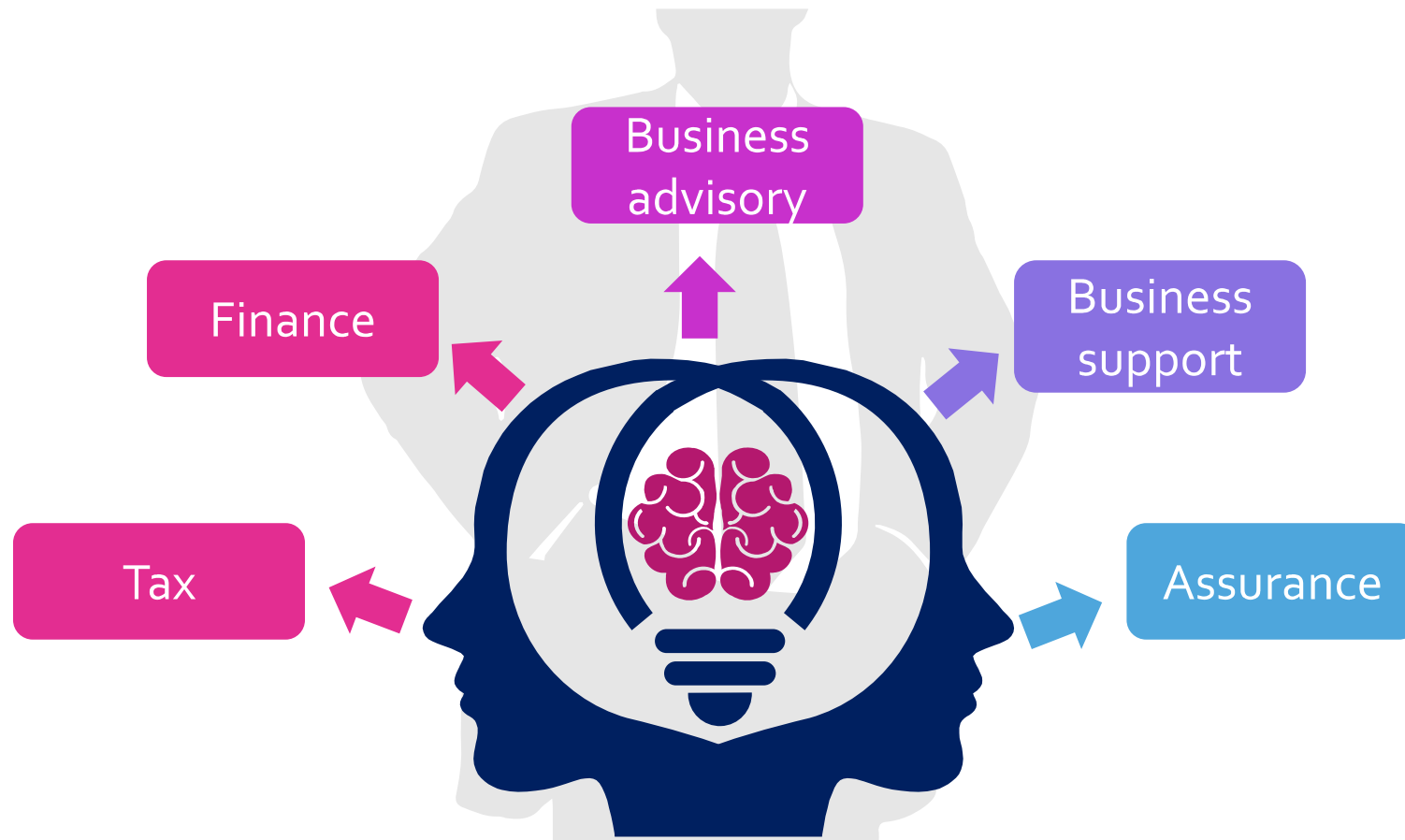
## ...Abbreviations...

<b>GOI</b>	Government of India
<b>AIDC</b>	Agriculture Infrastructure and Development Cess
<b>FA</b>	Finance Act, 1994
<b>Not.</b>	Notification
<b>TRU</b>	Tax Research Unit
<b>WEF</b>	With Effect From
<b>BCD</b>	Basic Customs Duty
<b>CBIC</b>	Central Board of Indirect Taxes and Customs
<b>BOE</b>	Bill of entry
<b>CVD</b>	Countervailing Duty
<b>ADD</b>	Anti-dumping duty
<b>EOU</b>	Export Oriented Unit

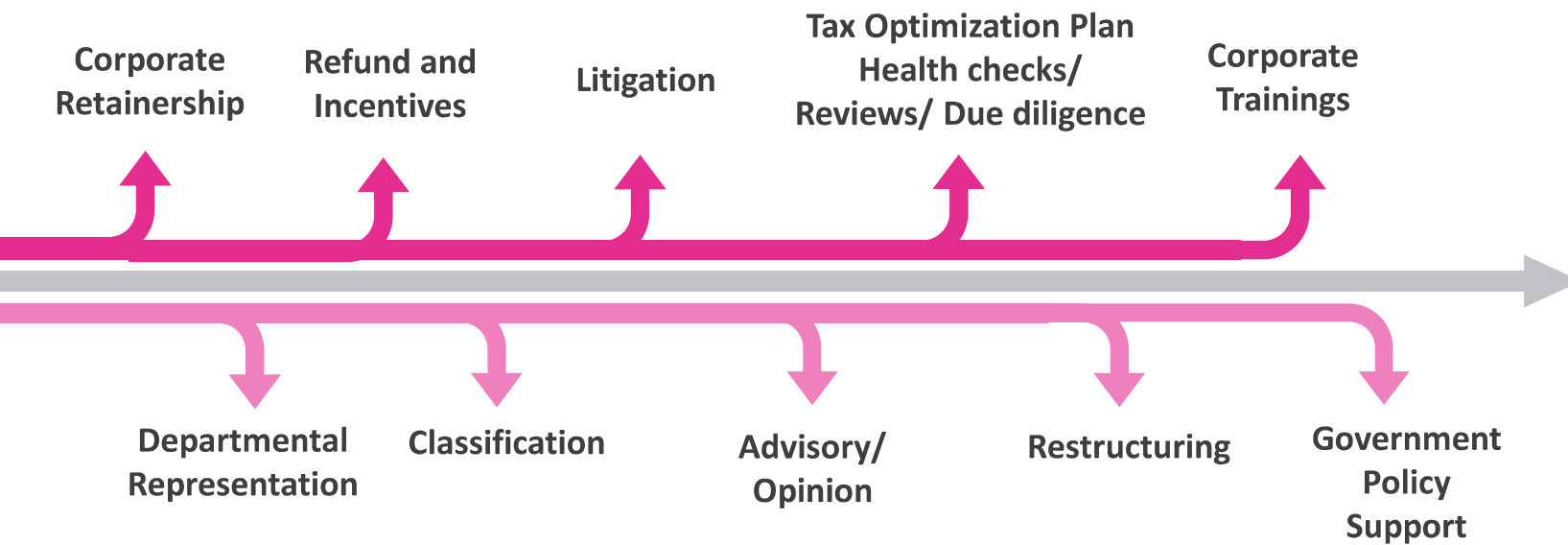
## ...Abbreviations

<b>CG</b>	Central Government
<b>DTA</b>	Domestic Tariff Area
<b>SWS</b>	Social Welfare Surcharge
<b>Cr.</b>	Rupees in Crores
<b>ITC</b>	Input Tax Credit
<b>SB</b>	Shipping Bill
<b>U/s</b>	Under Section
<b>Customs Act</b>	Customs Act, 1962

## What do we do?...



... What do we do?



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