

UNION BUDGET 2020

Customs

NEW Section 28DA FOR Free Trade Agreement (FTAs)

- **A New Chapter VAA** (a new section 28DA) introduced to provide for enabling provisions for administering the preferential tariff treatment regime under Trade Agreements.
- The Proposed new section seeks to specifically provide for certain obligations on importer and prescribe for time bound verification from exporting country in case of doubt.
- Pending verification preferential tariff treatment shall be suspended and goods shall be cleared only on furnishing security equal to differential duty
- In certain cases, the preferential tax treatments may be denied without further verifications.
 - i. Tariff item is not eligible for preferential tariff treatment.
 - ii. Complete description of goods is not contained in the certificate of origin.
 - iii. Any alteration in the certificate of origin is not authenticated by the Issuing Authority.
 - iv. The Certificate of Origin is produced after the period of its expiry .

This emphasizes that the Government is bound to implement measures for bringing ease of compliance and minimum human intervention.

Electronic Duty Credit Ledger

A *new section 51B* is inserted so as to provide for creation of an Electronic Duty Credit Ledger in the customs system.

- The duty credit available in EDCL may be used:
 - (a) By the person to whom it is issued or the person to whom it is transferred.
 - (b) Towards making payment of duties payable under this Act or under the Customs Tariff Act.

- It may be linked to GSTN portal by syncing the customs law with GST law.

CUSTOMS TARIFF ACT , 1962

Safeguard measures

- Section 8B is being substituted with a new section to empower the central govt. To apply safeguard measures, in case any article is imported into india in such increased quantities and under such conditions so as to cause or threatening to cause serious injury to domestic industry. Safeguard measure shall include imposition of a safeguard duty or application of a tariff rate quota or any other measure that the central govt. May consider appropriate as safeguard measure.
- Safeguard Measures shall include:
 - (a) Imposing of Safeguard duty.
 - (b) Application of tariff rate Quota.
 - (c) Or such other measures.

IMPORT OF MEDICAL EQUIPMENTS

- **Health cess** is being imposed on the import of medical devices falling under the heading **9018 to 9022** , at the rate of **5% ad valorem** on the import value of such goods as determined under **section 14** of the customs act 1962.
- **9018** Instruments and appliances used in medical, surgical, dental or veterinary sciences, including scientific graphic apparatus, other electro medical apparatus and sight testing instruments
 - **9019** Mechano therapy appliances , massage apparatus , psychological aptitude testing apparatus , ozone therapy, oxygen therapy, aerosol therapy , artificial respiration or other therapeutic respiration apparatus
 - **9020** Other breathing appliances and gas masks , excluding protective masks having neither mechanical parts nor replacement filters
 - **9021** Orthopaedic appliances , including crutches, surgical belts and trusses, splints and other fracture appliances , artificial parts of the body, hearing aids and other appliances which are worn or carried or implanted in the body to compensate for a defect or disability
 - **9022** Apparatus based on the use of X-Rays or of alpha, beta or gamma radiations whether or not for medical, surgical, dental or veterinary uses, including radiography or radio therapy apparatus , X Ray Tubes and other X-Ray Generators , high tension generators, control panels and desks , screens , examination or treatment tables , chairs and the like.

- This Health cess shall be duty of customs.
- Health Cess shall not be imposed on medical devices which are exempt from BCD.
- Further inputs/parts used in the manufacture of medical devices will also be exempt from Health Cess.
- Export Promotion scripts shall not be used for payment of the said cess.
- This has been done to help domestic manufacturers.
- Changes are being made in the Customs Tariff (Identification, Assessment and Collection of Anti Dumping Duty on Dumped articles and for determination of Injury) Rules 1995 to strengthen the anti- circumvention measures by making them more comprehensive and wider in scope to deal with the case of circumvention.
- Certain other changes are being made in these rules for bringing clarity in the scope of these Rules.

Amended Notifications

S. No.	Notification No.	Description
1.	1/2020-Customs, dated February 02, 2020	Seeks to further amend notification No. 50/2017-Customs dated 30th June 2017 so as to prescribe effective rate of Basic Customs Duty (BCD).
2.	02/2020-Customs, dated February 2, 2020	Seeks to further amend notification No. 57/2017-Customs, dated the 30th June 2017 so as to change the applicable BCD rate on specified parts of Cellular Mobile Phones.
3.	03/2020-Customs, dated February 2, 2020	Seeks to further amend notification No. 19/2019-Customs dated the 6th July 2019 so as to extend the exemption from BCD and IGST on specified military equipment, if imported by DPSUs and PSUs for the defense forces.

4.	04/2020-Customs, dated February 2, 2020	Seeks to further amend notification No. 148/1994-Customs dated the 13th July, 1994 to exempt wool, woollen fabrics and apparels received as gifts by the Indian Red Cross Society.
5.	05/2020-Customs, dated February 2, 2020	Seeks to amend notification No. 25/99-Customs dated 28th February, 1999 so as to withdraw BCD exemption on Gold used in manufacture of semi-conductor devices or light emitting diode and to provide exemption to specified parts for use in manufacture of fuses and connectors.
6.	06/2020-Customs, dated February 2, 2020	Seeks to further amend notification No. 24/2005-Customs, dated the 1st March, 2005 so as to exclude copper and articles thereof from the exemption provided to raw materials use for manufacturing of ITA goods specified therein the notification.

7.	07/2020-Customs, dated February 2, 2020	Seeks to further amend notification No. 25/2005-Customs, dated the 1st March, 2005 so as to exclude copper and articles thereof from the exemption provided to raw materials use for manufacturing of ITA goods specified therein the notification.
8.	08/2020-Customs, dated February 2, 2020	Seeks to exempt specified goods from Health Cess imposed on the medical devices falling under heading 9018 to 9022 in terms of clause 139 of the Finance Bill, 2020.
9.	09/2020-Customs, dated February 2, 2020	Seeks to further amend notification No. 11/2018-Customs, dated the 2nd February, 2018 in order to revise the levy of Social Welfare Surcharge on specified goods [Refer Annexure A for details].

10.	10/2020-Customs, dated February 2, 2020	Seeks to further amend notifications mentioned in the Column (2) of the Table of the notification No. 10/2020-Customs, dated the 2nd February, 2020 so as to align the notification mentioned in Column (2) with the new tariff lines created as per Finance Bill, 2020.
11.	11/2020-Customs, dated February 2, 2020	Seeks to further amend notification No. 82/2017-Customs dated the 27th October 2017 so as to omit a redundant entry at S. No. 31A.
12.	12/2020-Customs, dated February 2, 2020	Seeks to rescind certain customs notifications which have become redundant or entries in these notifications are being merged with other similar notifications granting exemptions.

CUSTOMS : NON TARIFF NOTIFICATIONS

1.	09/2020-Customs (N.T.) dated February 2, 2020	Seeks to further amend Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 to change the anti-
2.	10/2020-Customs (N.T.) dated February 2, 2020	Seeks to further amend Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized Articles and for Determination of Injury) Rules, 1995 to introduce anti-circumvention provisions in these rules and make certain other miscellaneous changes.

ANTI-DUMPING DUTY

1.	03/2020-Customs (ADD), dated February 2, 2020	Seeks to revoke the Anti-dumping duty imposed on Purified Terephthalic Acid and for this purpose, rescinds the notifications No. 28/2016-Customs (ADD), dated the 5th July, 2016 and No. 28/2019-Customs (ADD), dated the 24th July, 2019.
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➤ The provisions for checking dumping of goods and imports of subsidized goods are also being strengthened for ensuring a level playing field for domestic industry. Hence, accordingly certain amendments have been brought by way of Notification No. 09/2020-Customs (N.T.) and Notification no. 10/2020-Customs (N.T.) which have introduced amendments in Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995.

SAFEGUARD DUTY

1.	01/2020-Customs (SG), dated February 2, 2020	Seeks to amend notification No. 1/2018-Customs (SG), dated the 30th July, 2018 so as to align the tariff item of subject goods with the new tariff items created as per Finance Bill, 2020.
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KEY POINTS IN A NUTSHELL

- Customs duty raised on **footwear** to 35% from 25% and on furniture goods to 25% from 20%.
- Basic customs duty on imports of **news print and light-weight coated paper** reduced from 10% to 5%.
- Customs duty rates revised on **electric vehicles** and parts of mobiles.
- 5% health cess to be imposed on the imports of **medical devices**, *except those exempt from BCD*.
- **Lower** customs duty on certain inputs and raw materials like **fuse, chemicals, and plastics**.
- **Higher** customs duty on certain goods like **auto-parts, chemicals**, etc. which are also being made domestically.

NEW RATES

ITEMS	NEW RATE
Imported toys	60%
Electrical appliances	20%
Footwear	35%
Imported furniture	25%
Office suppliers (stationary and basic office items)	20%
Machinery	7.5% to 15%
PCBA of mobile phones	20%
Vibrator/ Ringer of mobile phones	10%
Display of mobile phones	10%
Electric vehicles	40%
AC motors or similar	10%
Earphones/Headphones	15%