

Important Changes proposed in Customs Act 1962

1.0 Restriction on import or export has been extended to all other goods which are causing injury to Indian economy apart from gold or silver.

2.0 A new Chapter VAA (a new section 28DA) is being incorporated in the Customs Act to provide enabling provision for administering the preferential tariff treatment regime under Trade Agreements in order to keep a check on undue concessions claimed under the FTA.

- The proposed section casts certain obligations on importer and prescribes for time bound verification from the exporting countries as per which the importer shall make a declaration that goods qualify as originating goods for preferential rate of duty under such agreement
- He should possess sufficient information as regards the manner in which country of origin criteria, including the regional value content and product specific criteria specified in the rules of origin in the trade agreement.
- The importer cannot be discharged from his obligations by mere furnishing of certificate of origin from the authorities of the exporting countries rather he should ensure the accuracy and truthfulness of the furnished information.
- Authorities are empowered to suspend preferential tariff treatment in cases where verification is pending. Upon furnishing of specified information within specific time, the same may be restored. In certain cases, the preferential tax treatment may be denied without further verification for recorded reasons.
- The proper officer can release the goods subject to furnishing by the importer a security amount equivalent to differential duty in cash ledger.

2.1 In view of the above proposed changes, the importer who are availing concessions under FTA (Free Trade Agreements) are

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required to ensure the compliances in this regard as contravening the same may trigger confiscation of goods.

3.0 A new section 51B is being inserted so as to provide for creation of an Electronic Duty Credit Ledger in the customs system thus enabling usage, transfer etc. of duty credit in lieu of duty remission against exports in electronic form. The provision for recovery of duties provided under Section 28AAA of Customs Act, 1962 are also being expanded to include such electronic credit of duties.

4.0 The Government has been empowered to apply safeguard measures if any article is imported into India in such increased quantities and under such conditions so as to cause or threaten to cause serious injury to domestic industry. The safeguard measure shall include the imposition of safeguard duty or application of a tariff rate quota or any other measure considered appropriate.

5.0 New Levy namely Health cess @ 5% has been introduced on import of medical devices falling under Chapter Heading 9018-9022 of Customs Tariff Act, 1975 except those exempt from BCD. Further, inputs/parts used in the manufacture of medical devices will also be exempt from Health Cess. Export Promotion scrips shall not be used for payment of said Cess.

6.0 In order to boost "Make in India" initiative and for creating level playing field for domestic manufacturers, duty rate increased with respect to electric motor vehicle, household articles, footwear, rough coloured gemstones/semi-precious stones, automobile and auto mobile parts sectors, electronic sector, stationary items, toy sector, other miscellaneous items like glass beads, artificial flowers etc.

7.0 Reduction have been proposed in Customs duty on raw materials and inputs like fuels, chemicals, plastics, precious metals, sports goods, newsprint and lightweight coated paper imported by Domestic Manufacturers.

8.0 Exemption of BCD on import of specified military equipment by defence PSUs and other PSUs for defence forces.

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9.0 Withdraws exemption from social welfare surcharge cess on various goods and concessional duties removed on several items.

10.0 The anti-dumping duty is proposed to be abolished on Purified Terephthalic Acid (critical input for textile fibres and yarns). Its easy availability at competitive prices is desirable to unlock immense potential in textile sector which is a significant employment generator. The various rate changes have been explained in enclosed letter no. DOF No. 304/2/2020/TRU dated 01.02.20 by the Joint Secretary.

<http://www.cbic.gov.in/resources//htdocs-cbec/dojstru1-2021.pdf;jsessionid=DE7ABDE53C44EB478EA69AB52BB7CF29>
