

Customs – Budget 2014

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Changes in Customs Act

1. Any reference to Chief Commissioner of Customs or Commissioner of Customs, would include following officers:
 - Principal Chief Commissioner of Customs
 - Chief Commissioner of Customs
 - Commissioner of Customs
 - Principal Commissioner of Customs
2. Section 3 is being amended so as to provide for inclusion of
 - Principal Chief Commissioner of Customs and
 - Principal Commissioner of Customs in the class of officers of Customs.
3. Section 15(1) is being amended to provide for determination of rate of duty and tariff valuation for imports through a vehicle in cases where the Bill of Entry is filed prior to the filing of Import Report (as the Manifest is called in case of imports by land).
4. Section 25 is being amended to provide that the customs duties on mineral oils including petroleum & natural gas extracted or produced in the continental shelf of India or the exclusive economic zone of India shall not be recovered for the period prior to 7th February, 200.
There would be no refund of duties of customs paid in respect of mineral oils specified.
5. Section 46(3) is being amended to exclude first proviso which provided that the Commissioner of Customs may in any special circumstances permit a bill of entry to be presented before the delivery of such report.

Further a proviso added to allow filing of a Bill of Entry prior to the filing of Import Report (as the Manifest is called in case of imports by land) for imports through land route also.

6. Section 127A is being amended to change the name of the „Customs and Central Excise Settlement Commission“ to the ‘Customs, Central Excise and Service Tax Settlement Commission“.

7. Section 127B(1) is being amended to replace the reference to section 28AB with a reference to section 28AA.

First proviso has also been substituted to provide that an application for settlement of cases can also be filed in cases where a Bill of Export, Baggage Declaration, Label or Declaration accompanying the goods effected through Post or Courier have been filed.

8. Section 127B is also being amended so as to omit sub-section (2) since the same is redundant.

9. Section 127L is being amended so as to insert an explanation that the concealment of particulars of duty liability relates to any such concealment made from the officer of customs and not from the Settlement Commission.

10. Section 129A(1) is being amended so as to increase the discretionary powers of the Tribunal to refuse admission of appeal from the existing Rs.50,000 to Rs.2 lakh. Further, Section 129A(1B) is being amended to substitute the words “by notification in the official gazette” with the words “by order” so as to enable the Board to constitute a Review Committee by way of an order instead of by way of a notification.

11. Section 129B(2A) is being amended to omit the first, second and third proviso in view of substitution of section 129E with a new section.

12. Section 129D is being amended to insert a proviso in sub-section (3) so as to vest the Board with powers to condone delay for a period of upto 30 days, for review by the Committee of Chief Commissioners of the orders in original passed by the Commissioner of Customs.

13. Section 129E is being substituted with a new section to prescribe a mandatory fixed pre- deposit of 7.5% of the duty demanded or penalty imposed or both for filing appeal with the Commissioner (Appeals) or the Tribunal at the first stage.

Another 10% of the duty demanded or penalty imposed or both for filing second stage appeal before the Tribunal. **However, it is not clear if only differential 2.5% shall be paid as 7.5% would have been already been deposited.**

The amount of pre-deposit payable would be subject to a ceiling of Rs. 10 crore.

14. Section 131BA is being amended so as to enable the Commissioner (Appeal) to take into consideration the fact that a particular order being cited as a precedent decision on the issue has not been appealed against for reasons of low amount.

Amendment in Baggage Rules 1998

These changes have been brought vide notification no.50/2014-Cus (NT) which shall be effective from the date of their publication in the Official Gazette.

Articles allowed free of duty			
Age of passenger eligible	Category	Allowance allowed earlier	Amended Allowance
+ 10 years	> 3 days stay	Rs.35,000	Rs.45,000
+ 10 years	3 days stay or less	Rs.15,000	Rs.17,500
Up to 10 years	> 3 days stay	Rs.15,000	Rs.17,500

Further, change in Annexure 1 item no.3 to the Rules as follows:

Baggage Rules	Old	New
Annexure I of Item 3	Cigarettes exceeding 200 or cigars exceeding 50 or tobacco exceeding 250 gms	Cigarettes exceeding 100 or cigars exceeding 25 or tobacco exceeding 125 gms

Benefit of advance rulings to resident private limited company - Customs Act 1962

Vide Section 28E(c)(iii) of Customs Act 1962 which grants power to notify class or category of persons to the central government who can apply for advance rulings, the central government has notified 'Resident private limited company' who would be eligible for 'Advance Rulings'. For the purpose of this, 'private company' in clause (68) of section 2 of the Companies Act, 2013.

Other Changes in Customs Tariff

- 1) Notification No 81/2005 of Customs - exempts all items of machinery, including prime movers, instruments, apparatus and appliances, control gear and transmission equipment, and auxiliary equipment (including those required for testing and quality control) and components, required for initial setting up of a project for generation of power. The exemption on these goods would be eligible even for **generation of compressed bio - gas (BIO - CNG) by way of Notification No 13/2014 Customs.**
- 2) Notification No 1/2011 of customs - exempts all items of machinery, including prime movers, instruments, apparatus and appliances, control gear and transmission equipment and auxiliary equipment (including those required for testing and quality control) and components, required for the initial setting up of a solar power generation project or facility, The exemption on these goods would be eligible even for **"or solar energy production"** . **By way of Notification No 14/2014 Customs.**
- 3) Notification No 9/2012 of customs - exempts cut and polished diamonds falling within chapter 71 of the First schedule to the Customs Tariff Act, 1975 with effect to this notification there is one more condition is been inserted "Provided that a variance not exceeding ± 0.05 mm in diameter for round shape diamonds and ± 0.07 mm in length and breadth for diamonds of other shapes and variance not exceeding ± 1 cent in weight shall be allowed." **By way of Notification No 16/2014 Customs.**
- 4) The benefit from import duty for the goods which are falling under Chapter 39019010 (all goods) imported from Singapore has omitted **by way of notification No 17/2014 Customs** the impact of the same is the duty is applicable on the above tariff.
- 5) Vide Notification 18/2014 Customs the following goods have been excluded thereby creating liability of education cess on the following list of goods. To list of goods specified vide Notification no 69/2004 Customs.
 - (i) Goods specified in headings, sub-headings or tariff items 3818, 8469 0010, 8470, 8471, 8473 2100, 8473 29 00, 8473 5000;
 - (ii) Line telephone sets and line videophones of heading 8517;
 - (iii) Goods specified in tariff item 8519 5000;
 - (iv) All prepared unrecorded media for sound recording or similar recording of other phenomena, other than products of Chapter 37 (excluding cards incorporating a magnetic stripe) of heading 8523;
 - (v) Recorded media for reproducing phenomena other than sound or image of heading 8523;
 - (vi) Goods specified in headings, sub-headings or tariff items 8531 20, 8532, 8533, 8534 0000, 8541;
 - (vii) Parts of electronic integrated circuits and micro-assemblies of tariff item 8523 52 or 8542 9000;

(viii) Goods specified in headings, sub-headings or tariff items 8543 7011, 9013 8010, 9013 9010, 9026, 9027 2000, 9027 30, 9027 50, 9027 80(except exposure meters) , 9030 4000, 9030 82 00; and

(ix) Goods specified in serial numbers 11 to 12A, 17 to 44, 47 to 50 and 54 of the said Table.”

6) Vide Notification 18/2014 Customs the following goods have been excluded thereby creating liability of education cess on the following list of goods. To list of goods specified vide Notification no 69/2004 Customs

(i) Goods specified in headings, sub-headings or tariff items 3818, 8469 0010, 8470, 8471, 8473 2100, 8473 2900, 8473 5000;

(ii) Line telephone sets and line videophones of heading 8517;

(iii) Goods specified in tariff item 8519 5000;

(iv) All prepared unrecorded media for sound recording or similar recording of other phenomena, other than products of Chapter 37 (excluding cards incorporating a magnetic stripe) of heading 8523;

(v) Recorded media for reproducing phenomena other than sound or image of heading 8523;

(vi) Goods specified in headings, sub-headings or tariff items 8531 20, 8532, 8533, 8534 0000, 8541;

(vii) Parts of electronic integrated circuits and micro-assemblies of tariff item 8523 52 or 8542 9000;

(viii) Goods specified in headings, sub-headings or tariff items 8543 7011, 9013 8010, 9013 9010, 9026, 9027 2000, 9027 30, 9027 50, 9027 80(except exposure meters), 9030 4000, 9030 8200; and

(ix) Goods specified in serial numbers 11 to 12A, 17 to 44, 47 to 50 and 54 of the said Table.”

7) Vide Notification No 20/2014 Customs the following entry in 39/1996 against serial number 20, in column (2), the expression “Portable X-ray machine / system” shall be omitted;

Vide Notification No 20/2014 Customs further inserted the following all the goods, which exempts from the customs duty while imported to India by way of SL 44 and 45 in compliance with condition has prescribed in the said notification.

8) Vide notification no 21/2014 customs - Exemption has been given from customs duty when imported into India, from so much of the additional duty of customs leviable thereon under sub-section (5) of section 3 of the said Customs Tariff Act, to all goods which have been used in relation to “setting up of a solar power generation”, the words “or solar energy production.

Further in the notification 21/2012 following SL no has been inserted

Sl no 14A Any Chapter for Inputs or components for use in the manufacture of personal computers (laptop or desktop) including tablet computers falling under heading 8471

provided that the subject to fulfilment of condition 5 annexed to notification 12/2012 custom then goods can imported at Nil Rate of Basic Custom Duty.

SL No 14B Any chapter Poly Vinyl Chloride (PVC) sheet and ribbon for use in manufacture of smart cards falling under sub-heading 8523 52; provided that the subject to fulfilment of condition 15A annexed to notification 12/2012 custom then goods can imported at Nil Rate of Basic Custom Duty.

Sl No 14C Any Chapter Parts and raw materials required for use in the manufacture of wind-operated electricity generator, provided that the subject to fulfilment of condition 46 annexed to notification 12/2012 custom then goods can imported at Nil Rate of Basic Custom Duty.

- 9) Exemption from the whole of the duty of customs leviable thereon under First Schedule to the Customs Tariff Act, 1975 (51 of 1975), the whole of the additional duty of customs leviable thereon under section 3 of the said Customs Tariff Act and the whole of the special duty of customs leviable under section 68 of the Finance (No. 2) Act 1996 (33 of 1996). To United Nations or, an International Organisation for execution of the projects financed by them and approved by the Government of India. Further with reference to this by way of Notification No 22/2014 Customs the following amendments have been inserted-
1. Transfer the goods to a new project with approval of Assistant or deputy commissioner
 2. Re-export the goods when the goods are no longer required for the existing project subject to the condition that the identity of the goods is established and no export incentive is claimed against such re-export; or
 3. Pay the duty of customs which would have been payable but for the exemption contained herein on the depreciated value of the goods subject to the condition that the importer produces before the Assistant Commissioner of Customs or Deputy Commissioner of Customs,
- 10) Exemption from the whole of the duty of customs leviable thereon which is specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) and from the whole of the additional duty leviable thereon under section 3 of the said Customs Tariff Act, to the following goods
- 1) Anti-Retroviral Drugs (ARV Drugs)
 - 2) Diagnostics and Equipments
- to the Government of India in the Ministry of Health and Family Welfare to the effect that the said goods are required for the National AIDS Control Programme funded by Global Fund to fight AIDS, TB and Malaria (GFATM). **By way of Notificaion No 23/2014 customs.**
- 11) Exemption from the whole of the duty of customs leviable thereon which is specified in the said First Schedule and from the whole of the additional duty leviable thereon under section 3 of the said Customs Tariff Act, to Public funded research institution or a university or an Indian Institute of Technology or Indian Institute of Science, Bangalore or a Regional Engineering College, other than a hospital, exemption not available importer is not registered with the Government of India in the Department of Scientific

and Industrial Research, he shall, at the time of clearance of the goods, pay the applicable duty of customs and additional duty on the goods imported and later after obtaining registration and compliance of the condition specified, he may file the refund of such amount of the duty paid for which exemption is granted under this notification, within a period of one year from the date of payment of the said duties before the AC of customs or Deputy commissioner of Custom - **by way of Notification No 24/2014 Customs.**

12) Project Imports (Amendment) Regulations

Under the above mentioned regulations following project has been inserted in after SL 3f by way of Notification No 25/2014 customs - Metro Rail or Monorail projects for urban public transport.

Changes in Effective rate

Product	Tariff	Existing Rate	New Rate	Change in Condition (if any)	Notification No.	Effective date
1.soft switches and Voice over Internet Protocol (VoIP) equipment, namely, VoIP phones, media gateways, gateway controllers and session border controllers; 2. optical transport equipments, combination of one or more of Packet Optical Transport Product or Switch (POTP or POTS), Optical Transport Network(OTN) products, and IP Radios; 3. Carrier Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching-Transport Profile (MPLS-TP) products; 4 Multiple Input / Multiple Output (MIMO) and Long Term Evolution	8517	Exempted under Notification 24/2005	10%	-	11/2014	11.07.2014

(LTE) Products.”						
<p>All goods for the manufacture of following goods, namely:-</p> <ol style="list-style-type: none"> 1. soft switches and Voice over Internet Protocol (VoIP) equipment, namely, VoIP phones, media gateways, gateway controllers and session border controllers; 2. optical transport equipments, combination of one or more of Packet Optical Transport Product or Switch (POTP or POTS), Optical Transport Network (OTN) products, and IP Radios; 3. Carrier Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching-Transport Profile (MPLS-TP) products; 4 Multiple Input / Multiple Output (MIMO) and Long Term Evolution (LTE) Products.” 	All chapters	Nil	Nil	Provided that the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996.”	11/2014	11.07.2014

Dark seedless raisin shall be substituted (Sun dried dark seedless raisin)	08062010	30	30	-	12/2014	11.07.2014
The following goods, other than of edible grade, namely (A) Crude palm stearin having Free Fatty Acid (FFA) 20 per cent or more and falling under heading 1511, imported for manufacture of soaps, fatty acids and fatty alcohols by a manufacturer having plant for splitting up of such oils into fatty acids and glycerols B) All goods (except crude palm oil and crude palm stearin) having Free Fatty Acid (FFA) 20 per cent or more and falling under heading 1507, 1508, 1509, 1510, 1511, 1512, 1513, 1514 or 1515, imported for the manufacture of soaps, industrial fatty acids and fatty alcohol by a manufacturer having plant for splitting up of such oils into fatty acids and glycerols (C) All goods (except crude palm oil), having Free Fatty Acid (FFA) 20 per cent or more, and falling under heading 1507, 1508, 1509, 1510, 1511, 1512, 1513, 1514 or		10	NIL	5 (12/2012-Cus)	12/2014	11.07.2014
		12.5	NIL	5 (12/2012-Cus)		
		20	NIL	5 (12/2012-Cus)		

1515 for the manufacture of soaps, industrial fatty acids, and fatty alcohol						
Crude glycerin	1520 00 00	12.5	7.5	(12/2012-Cus)	12/2014	11.07.2014
Crude glycerin for use in the manufacture of Soaps	1520 00 00	30%	Nil	5(12/2012-Cus)	12/2014	11.07.2014
All Goods	2207 20 00	7.5%	5%	-(12/2012-Cus)	12/2014	11.07.2014
Rice Bran	2302400 0	30%	Nil	-	12/2014	11.07.2014
De-oiled Soya Extract	2304	30%	Nil	-	12/2014	11.07.2014
Groundnut oil cake/oil cake meal	2305	30%	Nil	-	12/2014	11.07.2014
Sunflower oil cake / oil cake meal	230630	30%	Nil	-	12/2014	11.07.2014
Palm Kernel cake	2306600 0	30%	Nil	-	12/2014	11.07.2014
Canola oil cake / oil cake meal, mustard oil cake/oil cake meal, rice bran oil cake	2306 90	30%	Nil	-	12/2014	11.07.2014
Doomite for metallurgical use conforming to IS 10346-2004	2518	10%	2.5%	-	12/2014	11.07.2014
Limestone for metallurgical use conforming to IS 10345-2004	2521	10%	2.5	-	12/2014	11.07.2014
Coking Coal	2701191 0	10%	2.5% (Additional duty rate 2%)	-	12/2014	11.07.2014
Bituminous Coal	2701120 0	2%	2.5	-	12/2014	11.07.2014
Steam Coal	2701192 0	2%	2.5	-	12/2014	11.07.2014
Anthracite Coal	2701 1100	5%	2.5	-	12/2014	11.07.2014
All Goods	2701 1990	5%	2.5	-	12/2014	11.07.2014
Metallurgical coke	2704 00	Nil	2.5	-	12/2014	11.07.2014
Naphthelene	2707	10	5	-	12/2014	11.07.2014

	4000					14
All Goods	2707 5000	10	2.5	-	12/2014	11.07.20 14
Coal tar pitch	2708	10	5	-	12/2014	11.07.20 14
Liquefied Natural Gas (LNG)	2711 1100 2711210 0	10	Nil	-	12/2014	11.07.20 14
Liquefied propane and butane mixture, Liquefied propane, liquefied butane and liquefied petroleum gases (LPG) imported by the Indian oil corporation ltd, Hindustan petroleum corporation ltd or bharat petroleum corporation ltd for supply to household domestic consumers or to non-domestic exempted category (NDEC) customers	2711 1200 2711 1300 2711 1900	Nil	Nil	-	12/2014	11.07.20 14
Propane	2711 1200	10	2.5	-	12/2014	11.07.20 14
All goods	2901 1000	10	2.5	-	12/2014	11.07.20 14
Ethylene	2901 2100	10	2.5	-	12/2014	11.07.20 14
Propylene	2901 2200	10	2.5	-	12/2014	11.07.20 14
Butadiene	2901 2400	10	2.5	-	12/2014	11.07.20 14
o-Xylene	2902 4100	10	2.5	-	12/2014	11.07.20 14
Methyl alcohol	2905 1100	10	5	-	12/2014	11.07.20 14
Diphenylmethane 4, 4-diisocyanate (MDI) for use in the manufacture of spandex yarn	2929 1090	5	Nil	-	12/2014	11.07.20 14
All goods for use in the manufacture of soaps and oleochemicals	382311 12 3823111 19	30	Nil	5	12/2014	11.07.20 14

Substituted- (a) electric parts and wire rolls for fitting on electric lamp / table lamp / wall lamp / ceiling lamp/ door lamp/ window lamp/ garden lamp	32,34,38, 83 or any other chapter	Nil	Nil	15	12/2014	11.07.20 14
The following goods for use in the manufacture of EVA (Ethylene Vinyl Acetate) sheets or backsheet, which are used in the manufacture of solar photovoltaic cells or modules, namely, (i) EVA resin (ii) EVA master batch (iii) Poly ethylene terephth alate (PET) film (iv) Poly vinyl Fluoride (PVF) (v) Poly vinyl di- fluoride (PVDF) (vi) Adhesive resin and (vii) Adhesive hardner	3208, 3815, 3901 or 3920	10 10 10 10	Nil	15A	12/2014	11.07.20 14
All goods for use in the manufacture of soaps and oleochemicals	3823 1190 3823 1200 3823 1300 3823 1900 291570	30 30 30 30 10	Nil	5	12/2014	11.07.20 14

Security fibre, security threads, M-feature for use in the manufacture of security paper by Security Paper Mill, Hoshangabad, and Bank note paper mill India private limited, Mysore	39 or any chapter	Nil	Nil	5	12/2014	11.07.2014
Raw Materials for use in manufacture of security fibre and security threads for supply to security Paper Mill, Hoshangabad and Bank note paper mill India private limited, Mysore for use in manufacture of security paper	39 or any chapter	Nil	Nil	5	12/2014	11.07.2014
Polytetramethylene ether glycol (PTMEG) for use in the manufacture of spandex yarn	39072010	5	Nil	5	12/2014	11.07.2014
Fusible and not-fusible shall be substituted for the word Fusible	52 or any other chapter	Nil	Nil	24	12/2014	11.07.2014
(p) Fusible embroidery motifs or prints (q) anti-theft devices like lables, tags and sensors (r) pin bullets for packing, plastic tag bullets, metal labs, bows, ring and slider and rings	Any chapter	Nil	Nil	28	12/2014	11.07.2014
Pre-forms of precious and semi-precious stones	7103	2	Nil	-	12/2014	11.07.2014
Cut and polished coloured gemstones	71	2	2.5	-	12/2014	11.07.2014
Diamonds including lab grown diamonds semi processed, half cut or broken	71	Nil	2.5	-	12/2014	11.07.2014

Non-industrial diamonds including lab-grown diamonds (other than rough diamonds)	71	2	2.5	-	12/2014	11.07.2014
All goods other than seconds & defectives - in sl no 334	"7208, 7209, 7210, 7211, 7212, 7219, 7220, 7225 3090, 7225 4019 7225 50 or 7225 9900	7.5	7.5	-	12/2014	11.07.2014
Forged steel rings for manufacture of special bearings for use in wind operated electricity generators	73269099	10	5	46	12/2014	11.07.2014
Flat copper wire for use in the manufacture of photo voltaic ribbon (tinned copper interconnect) for manufacture of solar photovoltaic cells or modules	7408	5	Nil	15A	12/2014	11.07.2014
Inserted (3) parts, other than those mentioned at (2 of sl 417 12/2012 cus) required for caustic soda unit or caustic potash unit using membrane cell technology	85 or any other chapter	5	2.5	66	12/2014	11.07.2014
19 inches and above has been omitted in the si no 432 of 12/2012	8529	Nil	Nil	-	12/2014	11.07.2014
Colour television picture tubes for use in the manufacture of cathode ray	8540 11	10%	Nil	-	12/2014	11.07.2014

television in SL no 432A of 12/2012						
The following goods for use in the manufacture of Liquid Crystal Display (LCD) and Light Emitting Diode (LED) TV panels of heading 8529, namely:- (i) Open cell (15.6" and above); (ii) Plate diffuser; (iii) Film diffuser; (iv) Reflector sheet; (v) Film, top; (vi) Film, middle; (vii) Film, bottom; (viii) BAR, LED; (ix) Cushion /Gasket; (x) Bezzal; (xi) Back cover sheet in SL 432B	8529 & 4016	7.5% & 10%	Nil	5";	12/2014	11.07.2014
E-Readers in Sl no 433A	8543	7.5%	Nil	-	12/2014	11.07.2014
Battery scrap and battery waste	85481010 or 85481020	10%	5%	-	12/2014	11.07.2014
All goods	89080000	5%	2.5%	-	12/2014	11.07.2014
Portable X-ray machine / system in SL No 490A (inserted)	90 or any other Chapter	10%	Nil	89A`	12/2014	11.07.2014
Bauxite (Natural), not calcined	26060010	10%	20%	-	15/2014	11.07.2014
Bauxite (Natural), calcined	26060020	10%	20%	-	15/2014	11.07.2014

Disclaimer: This is a summary and our analysis of the budget changes his cannot be considered as our opinion/advice, Hiregange and Associates would not be responsible for any action taken based on this note without further consultation with Hiregange and Associates.

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