



D.O. F. No. 334/03/2023-TRU

New Delhi, the 1<sup>st</sup> February, 2023

Dear Principal Chief Commissioner/ Chief Commissioner/ Principal Director General/ Director General,

The Finance Minister has introduced the Finance Bill, 2023 in Lok Sabha today, that is 1<sup>st</sup> February, 2023. Amendments have been proposed through clauses 123 and 124 of the Bill to the Customs Act, 1962, through clauses 125, 126 and 127 of the Bill to the Customs Tariff Act, 1975 and through clause 153 of the Bill to section 136 of the Finance Act, 2001. The changes proposed through clause 126 (a) and clause 153 have been given immediate effect through a declaration under the Provisional Collection of Taxes Act, 1931. The other changes proposed in the Bill would come into effect upon its enactment on the date of assent of the Bill or from the date specified in the Finance Bill. Changes have also been proposed in the CGST Act and IGST Act through clauses 128 to 144 of the Bill. The details are briefly brought out below.

2. Changes in customs and central excise duty rates are also being carried through the following Notifications which are effective from 2nd February, 2023 unless specified otherwise:

	Notification Nos.	Date
Customs (Tariff)	02/2023-Customs to 12/2023-Customs	1st February, 2023
Central Excise (Tariff)	05/2023-Central Excise	1 <sup>st</sup> February, 2023

3. The proposed changes in customs, central excise/ NCCD rates, and other changes proposed in the Finance Bill, 2023 are briefly summarized below:

**A. CUSTOMS**

**I Basic customs duty rate structure:**

- a) As part of rationalization of customs duty rate structure, the number of basic customs duty rates on goods, other than textiles and agriculture, is being reduced. As a result, there are changes in the rates of BCD as well as in the rates of AIDC and/ or SWS .

- b) The BCD is being increased on styrene, vinyl chloride monomer, toys and parts of toys (other than parts of electronic toys), bicycles, automobiles in SKD and CBU form, Silver bar, Silver dore and naphtha.
- c) The BCD and the AIDC /SWS rates are being re- calibrated while maintaining the existing incidence of customs duties on gold, gold dore, platinum, coal, peat and lignite. Similarly the BCD and AIDC on aircraft (other than those at Nil or 2.5%) & aircraft tyres (other than those at Nil) are being re-calibrated while maintaining the same incidence of duty. These changes will also be effective from, 2<sup>nd</sup> February,2023 through the relevant notifications.

## II. Duty rate changes

### 1. Chemicals and petrochemicals:

- a) The BCD on denatured ethyl alcohol is being reduced from 5% to Nil for use in the manufacture of industrial chemicals through IGCR route.
- b) The BCD on acid grade fluorspar (containing by weight more than 97% of calcium fluoride) is being reduced from 5% to 2.5% .
- c) The BCD on crude glycerin is being reduced from 7.5% to 2.5% for use in manufacture of epichlorohydrin through IGCR route.
- d) The BCD on Naphtha is being increased from 1% to 2.5%.
- e) The BCD on styrene is being increased from 2 % to 2.5%.
- f) The BCD on Vinyl Chloride monomer is being increased from 2% to 2.5%.

### 2. Precious Metals

- a) The import duty on Dore and bar of gold and platinum were enhanced in June and October 2022 respectively. While maintaining the existing incidence of import duty on these items, the BCD rate and AIDC rates are being recalibrated. The import duty on silver bar and silver Dore is however being enhanced. The changes are as follows:

Commodity	BCD		AIDC		SWS		Total duty
	From	To	From	To	From	To	
Gold Bars	12.50%	10 %	2.50%	5.00%	Nil	Nil	15%
Gold Dore	11.85%	10 %	2.50%	4.35%	Nil	Nil	14.35%
Platinum	12.50%	10%	1.50%	5.40%	1.40	Nil	15.40%
Silver Bar	7.50%	10%	2.50%	5.00%	0.75	Nil	15%
Silver Dore	6.10%	10%	2.50%	4.35%	0.61	Nil	14.35%

- b) The import duty on articles made of precious metals falling under CTH 7113 & 7114 is being increased from 22% to 25%. It is however being exempted from SWS.

- c) The import duty on imitation jewellery classified under Heading 7117 is being increased from 22% or Rs. 400/kg, whichever is higher' to '25% or Rs. 600/kg, whichever is higher'. It is however being exempted from SWS.

### 3. **Export Promotion:**

- a) The BCD on 'seeds' for use in manufacture of rough lab grown diamond is being reduced to Nil subject to IGCR condition for a period of two years.
- b) The BCD on certain ingredients/inputs for use in the manufacture of aquatic feed is being reduced subject to IGCR condition as follows:

<b>Description of goods</b>	<b>From</b>	<b>To</b>
Fish meal	15%	5%
Krill meal	15%	5%
Fish lipid oil	30%	15%
Algal Prime (flour)	30%	15%
Mineral and Vitamin Premixes	15%	5%

### 4. **Electronics goods**

- a) The BCD on camera lens for camera module and input/sub parts for lens of camera module of mobile phone is being reduced from 2.5% to Nil subject to IGCR condition.
- b) Exemption from BCD is being provided to specified chemicals/items for manufacture of Pre-calcined Ferrite Powder as is available for Ferrites (S. No 17 of Notification no 25/1999 -Customs).
- c) Exemption from BCD is being provided to Palladium Tetra Amine Sulphate for manufacture of parts of connectors as is available for manufacture of connectors. (S.No 225 of Notification no 25/1999 -Customs).
- d) The BCD on parts for manufacture of open cells of TV panels is being reduced from 5% to 2.5% subject to IGCR condition.

### 5. **Electrical appliances**

- e) The BCD on electric kitchen chimney is being increased from 7.5% to 15% .
- f) The BCD on heat coils for use in manufacture of electric kitchen chimney is being reduced from 20% to 15% subject to IGCR condition.

### 6. **Automobiles**

- a) Exemption from BCD is being provided to vehicles, specified automobile parts/components, sub-systems and tyres, when imported by notified testing agencies for the purpose of testing and/ or certification , subject to specified conditions.
- b) The BCD on vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form is being increased from 30% to 35%. However it is being exempted from SWS

- c) The BCD on vehicles in Completely-Built Unit (CBU) form is being increased from 60% to 70%. However it is being exempted from SWS.

## 7. Capital Goods

- a) Customs duty exemption is being provided to import of specified capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles as is available for manufacture of lithium-ion cells for batteries used in mobile handsets.(S.No 69 of Notification no 25/2002 -Customs )

## 8. Others

- a) The BCD on bicycles is being increased from 30% to 35%. However it is being exempted from SWS.
- b) The BCD on toys and its parts is being increased from 60% to 70%. However it is being exempted from SWS . There are no changes to the effective rate on parts covered under S. No 591 of Notification No. 50/2017-Customs.
- c) The BCD on aircraft (other than those at Nil or 2.5%) and aircraft tyres (other than those at Nil) is being reduced from 3% to 2.5% but they will attract AIDC of 0.5%.
- d) The BCD on coal, peat and lignite is being increased to 2.5% but these are being exempted from AIDC.
- e) The BCD on compounded rubber is being increased from 10% to '25% or Rs. 30/kg whichever is lower'.
- f) The BCD on pecan nuts is being reduced from 100% to 30%. The SWS exemption is being withdrawn.
- g) The BCD on Warm blood horse imported by sports person of outstanding eminence for training purpose for equestrian sports is being reduced from 30% to Nil subject to conditions.

## 9. Social welfare surcharge (SWS)

The following goods are being exempted from levy of Social Welfare Surcharge in order to maintain the total effective duty owing to rationalization of basic customs duty rate structure:

1.	Silver (HSN 7106), Gold ( HSN 7108) & Imitation Jewellery (HSN 7117)
2.	Platinum (HSN 7110) other than rhodium and goods covered under S. Nos. 415(a) and 415A of the Table annexed to the notification No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the 30th June, 2017.
3.	All goods falling under HSN 7113, other than the goods covered under S. Nos. 356, 357 and 364C of the Table in the notification No. 50/2017-Customs, dated

	the 30 <sup>th</sup> June, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the 30 <sup>th</sup> June, 2017.
4.	All goods falling under HSN 7114, other than the goods covered under S. Nos. 356 and 357 of the Table in the notification No. 50/2017-Customs, dated the 30th June, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the 30 <sup>th</sup> June, 2017.
5.	Bicycles (HSN 8712 00 10)
6.	Motor vehicle including electrically operated vehicles falling under HSN 8703 covered under S. No. 526 (1)(b), 526 (2)(b), 526A(1)(b) and 526A(2)(b) of the Table in Notification No. 50/2017-Customs dated the 30th June, 2017, published in the Gazette of India vide no G.S.R. 785(E) dated the 30th June, 2017.
7.	Aeroplane and other aircrafts falling under tariff items 8802 2000, 8802 3000 and 8802 4000 covered under S. No. 543 A of the Table in Notification No. 50/2017-Customs dated the 30th June, 2017, published in the Gazette of India vide no G.S.R. 785(E) dated the 30th June, 2017.
8.	Toys and parts of toys (HSN 9503) other than goods covered under S. No. 591 of the Table annexed to Notification No. 50/2017-Customs dated the 30th June, 2017

The following notifications are being rescinded on account of being redundant owing to basic customs duty rate structure rationalization:

1	No. 13/2021-Customs, dated the 1 <sup>st</sup> February, 2021, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 71(E), dated the 1 <sup>st</sup> February, 2021
2	No. 34/2022-Customs, dated the 30 <sup>th</sup> June, 2022, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 487(E), dated the 30 <sup>th</sup> June, 2022

Note: Description of entries is indicative, notification may be referred for complete description.

## 10. Agriculture Infrastructure and Development Cess (AIDC)

(a) AIDC rate changes (with changes to the effective rate of customs duty)

S.No	Commodity	From	To
1.	Silver bar	2.5%	5%
2.	Silver Dore	2.5%	4.35%

Note: Description of entries is indicative, notification may be referred for complete description.

(b) Changes to AIDC (without any change to the effective rate of customs duty)

<b>S. No</b>	<b>Commodity</b>	<b>From</b>	<b>To</b>
1.	Coal, peat, lignite	1.5%	Nil
2.	New pneumatic tyres, of rubber , of a kind used on aircraft as mentioned in Entry 280 A of Notification No. 50/2017-Cus	Nil	0.5%
3.	Gold bar	2.5%	5%
4.	Gold Dore	2.5%	4.35%
5.	Platinum other than rhodium and goods covered under S. Nos. 415(a) and 415A of the Table in notification No. 50/2017-Customs, dated the 30th June, 2017.	1.5%	5.4%
6.	Aero planes and other aircraft covered under S.No. 543A of Notification No. 50/2017-Cus	Nil	0.5%

Note: Description of entries is indicative, notification may be referred for complete description.

## **11. Review of Exemptions**

Out of 196 exemptions, 146 exemptions are being extended for a period of one year i.e. up to 31.3.2024 for the purpose of undertaking review. Of the remaining, a few are being extended for five years, two years and one year while some exemption entries are being discontinued with effect from 31.3.2023.

The details of exemption entries/ notifications extended by five years, two years and one year are as follows:

<b>S. No</b>	<b>S.No.in Notification No 50/2017-cus/ Notification No</b>	<b>Commodity</b>	<b>From</b>	<b>To</b>
<b>Extended by five years upto 31.3.2028</b>				
1.	S. No 609 of 50/2017-Customs	Used bonafide personal and household effects of a deceased person		
2.	33/2017-Customs	Exemption to import/reimport of challenge cups and trophies won by a unit of Defence Force or its members.		

3.	41/2017- Customs	Exemption to import of cups, trophies to be awarded to winning teams in international tournament /world cup to be held in India.		
4.	146/94- Customs	Exemption to import of specified sports goods imported by National Sports Federation or by a Sports person of outstanding eminence for training.		
5.	90/2009- Customs	Exemption to imports from Antarctica of goods used for or related to Indian Antarctic Expedition or Indian Polar Science Programme.		
<b>Extended by two years upto 31.3.2025</b>				
1.	168	Specific inputs and sub-parts for use in manufacture of telecommunication grade optical fibre or optical fibre cables	Nil	Nil
2.	341	Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables	5%	5%
3.	341A	Inputs for manufacture of Preform of silica	Nil	Nil
4.	405, 406	Raw materials and parts for manufacture of Wind operated electricity generators, including permanent magnets for manufacture of PM synchronous generators above 500KW for use in wind operated electricity operators	5%	5%
5.	559	Raw material and parts (including Dredger) for use in the manufacture of ships/vessels	Nil	Nil
6.	166	Specified Drugs, medicines, diagnostics kits	5%	5%
7.	167	Lifesaving drugs etc	Nil	Nil
<b>Extended by one year upto 31.3.2024</b>				
1.	368	Ferrous waste and scrap	Nil	Nil
2.	374,375	Raw materials for use in manufacture of CRGO steel	Nil	Nil
3.	527A	Lithium-ion cell for use in the manufacture of battery or battery pack of cellular mobile phone	5%	5%
4.	527B	Lithium-ion cell for use in the manufacture	5%	5%

		of battery or battery pack of electrically operated vehicle (EVs) or hybrid motor vehicle		
5.	237	Specified inputs for use in the manufacture of EVA sheet or back sheets which are used in the manufacture of solar cell or modules	Nil	Nil
6.	340	Solar tempered glass for use in the manufacture of solar cell or solar module	Nil	Nil

Note: Description of entries is indicative, notification may be referred for complete description.

In addition, there are 146 conditional exemptions covered by Notification no 50/2017-Customs and standalone notifications that are also being extended up to 31.3.2024 for the purpose of undertaking review during the year which is at **Annexure -I**. The list of conditional /unconditional exemption entries under notification no 50/2017-customs and standalone notification discontinued with effect from 31.3.2023 is at **Annexure -II**.

## **B CENTRAL EXCISE**

1. The Seventh Schedule of the Finance Act, 2001 is being amended to revise the specific rates of National Calamity Contingent Duty (NCCD) levied as duty of excise on specified cigarettes w.e.f. 2<sup>nd</sup> February, 2023 as follows:

<b>Tariff Item</b>	<b>Description of goods</b>	<b>From (Rs per 1000 sticks)</b>	<b>To (Rs per 1000 sticks)</b>
2402 20 10	Other than filter cigarettes, of length not exceeding 65 millimetres	200	230
2402 20 20	Other than filter cigarettes, of length exceeding 65 millimetres but not exceeding 70 millimetres	250	290
2402 20 30	Filter cigarettes of length not exceeding 65 millimetres	440	510
2402 20 40	Filter cigarettes of length exceeding 65 millimetres but not exceeding 70 millimetres	440	510
2402 20 50	Filter cigarettes of length exceeding 70 millimetres but not exceeding 75 millimetres	545	630
2402 20 90	Other cigarettes	735	850

2402 90 10	Cigarettes of tobacco substitutes	600	690
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2. Central excise duty exemption is being provided on blended Compressed Natural Gas (CNG) from so much of the amount as is equal to the GST paid on Bio Gas /Compressed Bio Gas contained in such blended CNG.

## C. LEGISLATIVE AMENDMENTS

### I. Amendments in Customs Act, 1962

- (i) Section 25 of the Customs Act is being amended to insert a Proviso to subsection (4A) to provide that the validity of two years shall not apply to exemption notifications issued in relation to multilateral or bilateral trade agreements; obligations under international agreements, treaties, conventions; UN agencies, diplomats, international organizations; privileges of constitutional authorities; schemes under Foreign Trade Policy or other Central Government schemes having a validity of more than two years; re-imports, temporary imports, goods imported as gifts or personal baggage; any duty of customs imposed under any law in force including integrated tax leviable under sub-section 7 of Section 3 of the Customs Tariff Act, 1975, other than under Section 12 of the Customs Act;
- (ii) Section 127 C of the Customs Act is being amended to insert sub section (6) to specify a time limit of 9 months from the date of application, for disposal of the application filed before the Settlement Commission.

### II. Amendments in Customs Tariff Act, 1975

- (i) Sections 9, 9A, 9 C of the Customs Tariff Act are being amended to clearly amplify the intent and scope of these provisions. They are also being validated retrospectively with effect from 1st January 1995.
- (ii) The First Schedule to the Customs Tariff Act, 1975 is being amended to introduce new tariff lines or modify existing tariff lines. The proposed changes are in chapter 3, chapter 4, chapter 9, chapter 10, chapter 12, chapter 13, chapter 19, chapter 27, chapter 29, chapter 31, chapter 38, chapter 39, chapter 48, chapter 52, chapter 54, chapter 57, chapter 61, chapter 62, chapter 63, chapter 69, chapter 71, chapter 84, chapter 85, and chapter 87. Changes which does not involve change in rate of duty would come into effect from 1.5.2023.
- (iii) The General explanatory note to the General Rules for interpretation of the Schedule is being amended to carry out some changes which inter alia, include changes to align the abbreviations and the tariff with complementary amendments to the HS 22. These changes would come into effect from 1.5.2023.
- (iv) The First Schedule to the Customs Tariff Act, 1975 is also being amended to modify the tariff rates on certain tariff items as part of rationalization of customs duty rate structure.

Wherever there are increase in duty rates, they would come into effect from 2.2.2023 and the others would come into effect from the date of assent of the Bill.

- (v) The Second Schedule is being amended to align the entries under heading 1202 with that of the First Schedule. These changes would come into effect from 1.5.2023.

### **III. Amendments in CGST and IGST Acts**

Amendments carried out in the Finance Bill, 2023 except those in clause 142 will come into effect from the date when the same will be notified concurrently, as far as possible, with the corresponding amendments to the similar Acts passed by the States & Union territories with legislature. Amendments carried out in the Finance Bill, 2023, vide clause 142 will come into effect retrospectively from 1<sup>st</sup> July, 2017.

#### **Amendments in CGST ACT, 2017:**

- a) Clause (d) of sub-section (2) and Clause (c) of sub-section (2A) in section 10 of the CGST Act is being amended so as to remove the restriction imposed on registered persons engaged in supplying goods through electronic commerce operators from opting to pay tax under the Composition Levy.
- b) Second and third provisos to sub-section (2) of section 16 of the CGST Act are being amended to align the said sub-section with the return filing system provided in the said Act.
- c) Explanation to sub-section (3) of section 17 of the CGST Act is being amended so as to restrict availment of input tax credit in respect of certain transactions specified in para 8(a) of Schedule III of the said Act, as may be prescribed, by including the value of such transactions in the value of exempt supply. Further, sub-section (5) of said section is also being amended so as to provide that input tax credit shall not be available in respect of goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013.
- d) Sub-section (1) and sub-section (2) of section 23 of the CGST Act are being amended, with retrospective effect from 01<sup>st</sup> July, 2017, so as to provide overriding effect to the said section over sub-section (1) of section 22 and section 24 of the said Act.
- e) A new sub-section (5) in section 37 of the CGST Act is being inserted so as to provide a time limit upto which the details of outward supplies under sub-section (1) of the said section for a tax period can be furnished by a registered person. Further, it also seeks to provide an enabling provision for extension of the said time limit, subject to certain conditions and restrictions, for a registered person or a class of registered persons.
- f) A new sub-section (11) in section 39 of the CGST Act is being inserted so as to provide a time limit upto which the return for a tax period can be furnished by a registered person. Further, it also seeks to provide an enabling provision for extension of the said time limit,

subject to certain conditions and restrictions, for a registered person or a class of registered persons.

- g) A new sub-section (2) in section 44 of the CGST Act is being inserted so as to provide a time limit upto which the annual return under sub-section (1) of the said section for a financial year can be furnished by a registered person. Further, it also seeks to provide an enabling provision for extension of the said time limit, subject to certain conditions and restrictions, for a registered person or a class of registered persons.
- h) A new sub-section (15) in section 52 of the CGST Act is being inserted so as to provide a time limit upto which the statement under sub-section (4) of the said section for a month can be furnished by an electronic commerce operator. Further, it seeks to provide an enabling provision for extension of the said time limit, subject to certain conditions and restrictions, for an electronic commerce operator or a class of electronic commerce operators.
- i) Sub-section (6) of section 54 of the CGST Act is being amended so as to remove the reference to the provisionally accepted input tax credit to align the same with the present scheme of availment of self-assessed input tax credit as per sub-section (1) of section 41 of the said Act.
- j) Section 56 of the CGST Act is being amended so as to provide for an enabling provision to prescribe manner of computation of period of delay for calculation of interest on delayed refunds.
- k) A new sub-section (1B) in section 122 of the CGST Act is being inserted so as to provide for penal provisions applicable to Electronic Commerce Operators in case of contravention of provisions relating to supplies of goods made through them by unregistered persons or composition taxpayers.
- l) Sub-section (1) of section 132 of the CGST Act is being amended so as to decriminalize offences specified in clause (g), (j) and (k) of the said sub-section and to increase the monetary threshold for launching prosecution for the offences under the said Act from one hundred lakh rupees to two hundred lakh rupees, except for the offences related to issuance of invoices without supply of goods or services or both.
- m) First proviso to sub-section (1) of section 138 of the CGST Act is being amended so as to simplify the language of clause (a), to omit clause (b) and to substitute the clause (c) of said proviso so as to exclude the persons involved in offences relating to issuance of invoices without supply of goods or services or both from the option of compounding of the offences under the said Act. It further seeks to amend sub-section (2) so as to rationalize the amount for compounding of various offences by reducing the minimum as well as maximum amount for compounding.
- n) A new section 158A in the CGST Act is being inserted so as to provide for prescribing manner and conditions for sharing of the information furnished by the registered person in his return or in his application of registration or in his statement of outward supplies, or the

details uploaded by him for generation of electronic invoice or E-way bill or any other details, as may be prescribed, on the common portal with such other systems, as may be notified.

- o) Schedule III of the CGST Act is being amended to give retrospective applicability to paras 7, 8 (a) and 8(b) of the said Schedule, with effect from 01<sup>st</sup> July, 2017, so as to treat the activities/ transactions mentioned in the said paragraphs as neither supply of goods nor supply of services. It is also being clarified that where the tax has already been paid in respect of such transactions/ activities during the period from 01<sup>st</sup> July, 2017 to 31<sup>st</sup> January, 2019, no refund of such tax paid shall be available.

#### **IGST Act, 2017:**

- a) Clause (16) of section 2 of the IGST Act is being amended so as to amend the definition of “non-taxable online recipient” by removing the condition of receipt of online information and database access or retrieval services (OIDAR) for purposes other than commerce, industry or any other business or profession so as to provide for taxability of OIDAR service provided by any person located in non-taxable territory to an unregistered person receiving the said services and located in the taxable territory. Further, it also seeks to clarify that the persons registered solely in terms of clause (vi) of Section 24 of CGST Act shall be treated as unregistered person for the purpose of the said clause.

Further, clause (17) of the said section is being amended to amend the definition of “online information and database access or retrieval services” to remove the condition of rendering of the said supply as it is essentially automated and involves minimal human intervention.

- b) Proviso to sub-section (8) of section 12 of the IGST Act is being omitted so as to specify the place of supply, irrespective of destination of the goods, in cases where the supplier of services and recipient of services are located in India.

4. This letter only summarizes the key budgetary changes and does not have any legal force. It is only the Finance Bill and the relevant notifications that have legal force. While utmost care has been taken to clearly reflect the intention of the Government in the Finance Bill and the Notifications, the possibility of an inadvertent error cannot be ruled out. I, therefore, request you to kindly go through the Finance Bill, the Memorandum and the Notifications and bring to our notice, at the earliest, if there are any omission/error or discrepancies. You are also requested to study the budgetary changes and ensure the smooth implementation of the proposed changes keeping the convenience of the taxpayers in mind. The copies of Finance Bill, 2023, Finance Minister’s Budget Speech, Explanatory Memorandum to the Bill and relevant notifications can be downloaded directly from [www.indiabudget.gov.in](http://www.indiabudget.gov.in) as well as [www.cbic.gov.in](http://www.cbic.gov.in).

5. In case of doubt or difficulty on any issue, you are requested to bring it immediately to my notice at [js-tru01@gov.in](mailto:js-tru01@gov.in) or to the notice of Shri Rakesh Dahiya, Deputy Secretary (TRU) (Tel: 011-23092236, email: [rakesh.dahiya@gov.in](mailto:rakesh.dahiya@gov.in)), Ms. Amreeta Titus, Deputy Secretary (TRU) (Tel:

011-23092753, email: amreeta.titus@gov.in) or Sh. Sandesh Lokhande, Budget Officer (TRU) (Tel: 011-23095547, email: slokhande.9@gov.in). We can also be reached at [budget-cbec@nic.in](mailto:budget-cbec@nic.in).

6. Finally, I take this opportunity to personally thank my each and every member of my team and each one of you on behalf of my team for your suggestions/inputs and look forward to your comments/feedback.

*with regards,*

Yours sincerely,



(Limatula Yaden)

Joint Secretary (TRU-I)

To,

All Principal Chief Commissioners/ Principal Directors General,  
All Chief Commissioners/ Directors General,  
All Principal Commissioners,  
All Commissioners,  
Director DPPR/Logistics/Legal Affairs/Data Management

**Annexure I**

Conditional exemptions entries in Notification no 50/2017-Customs extended for one year, i.e. upto 31.3.2024 to be taken up for review this year

<b>S. No.</b>	<b>S. No. of Notfn</b>	<b>Description</b>
<b>Extension up to 31. 03. 2024</b>		
1.	90	Lactose for use in manufacture of homeopathic medicine
2.	133	Gold ores and concentrates for use in manufacture of Gold
3.	139	Specified bunker Fuel for use in ships or vessels
4.	150	Goods of Heading 2710 or 271490 for manufacture of Fertilizers
5.	155	Excess Liquefied petroleum gases (LPG) returned by DTA unit to SEZ unit
6.	164	Electrical energy supplied to DTA by power plants of 1000MW or above ,got approval
7.	165	Electrical energy supplied to DTA from power plant less than 1000MW
8.	183	Medical use fission Molybdenum-99 (Mo-99) for use in manufacture of radio pharmaceutical
9.	184	Pharmaceutical Reference Standard
10.	188	Specified goods for manufacture of ELISA Kits
11.	204	Anthraquinone or 2-Ethyl Anthraquinone, for use in manufacture of Hydrogen Peroxide
12.	212A	Medicines/drugs/vaccines supplied free by United Nations International Children's Emergency Fund (UNICEF), Red Cross or an International Organization
13.	213	Drugs and materials
14.	238	Organic or inorganic coating material for manufacture of electrical steel
15.	253	Goods for manufacture of Brushless Direct Current (BLDC) motors
16.	254	Catalyst for manufacture of cast components of Wind Operated Electricity Generator
17.	255	Resin for manufacture of cast components of Wind Operated Electricity Generator

<b>S. No.</b>	<b>S. No. of Notfn</b>	<b>Description</b>
18.	258	Security fibre, security threads, Paper based taggant including M-feature for manufacture of security paper by Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt Ltd, Mysore.
19.	259	Raw materials for manufacture of security fibre and security thread for supply to Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Pvt. Ltd, Mysore for use in manufacture of security paper
20.	260	Goods for the manufacture of orthopaedic implants falling under 902110
21.	261	Alatheaon and copper wire
22.	269	Super absorbent polymer for manufacture adult diapers, tampons, sanitary pads (9619)
23.	271	Polytetramethylene ether glycol, (PT MEG) for use in manufacture of spandex yarn
24.	276	Ethylene – propylene – non-conjugated diene rubber (EPDM) for manufacture of insulated wires and cables
25.	277A	Calendared plastic sheet for manufacturing of Smart Card (8523)
26.	279	Pneumatic tyres of rubber for MRO of aircraft used in scheduled air service
27.	280	Pneumatic tyres of rubber for MRO of aircraft used by training, aeroclub etc.
28.	333	Moulds, tools and dies for manufacture of parts of electronic components
29.	334	Graphite Felt or graphite pack for growing silicon ingots; Thin steel wire used in wire saw for slicing of silicon wafers
30.	339	Toughened glass for solar thermal collectors or heaters
31.	353	Foreign currency coins when imported into India by a Scheduled Bank
32.	364A	Spent catalyst or ash containing precious metals
33.	378	Metal parts for manufacture of electrical insulators falling under heading 8546
34.	379	Pipes and tubes for use in manufacture of boilers
35.	380	Forged steel rings for manufacture of special bearings for use in wind operated electricity generator
36.	381	Flat copper wire for use in the manufacture of photo voltaic ribbon for solar cell/modules

<b>S. No.</b>	<b>S. No. of Notfn</b>	<b>Description</b>
37.	387	Zinc metal recovered by toll smelting or toll processing from zinc concentrates exported from India for such processes
38.	392	Dies for drawing metal, when imported after repairs in exchange of similar worn out dies exported out for repairs
39.	415	Parts/inputs for manufacture of catalytic convertors
40.	415A	Platinum or Palladium for manufacture of all goods including Noble Metal Compounds & Noble Metal Solutions falling under 2843 and goods of heading 381512
41.	416	Ceria zirconia compounds for use in the manufacture of washcoat for catalytic convertors
42.	417	Cerium compounds for use in the manufacture of washcoat for catalytic convertors
43.	418	Zeolite for use in the manufacture of washcoat for catalytic convertors
44.	419	Aluminium Oxide for use in the manufacture of washcoat for catalytic convertors
45.	420	Clay 2 Powder (Alumax) for use in ceramic substrate for catalytic convertors
46.	421	Goods required for basic telephone service/ internet service and their parts
47.	426	Specified goods for the manufacture of goods falling under 8523 5200, 8541, 8542, 8543 9000 or 8548 00 00
48.	428	Specified goods imported by accredited press cameraman
49.	429	Specified goods, imported by accredited journalist
50.	435	Capital goods/ Machinery for printing industry
51.	441	Spinnerettes made <i>interalia</i> of Gold, Platinum and Rhodium or any one or more of these metals, when imported in exchange of worn out or damaged spinnerettes exported out of India
52.	462	Ball screws for use in the manufacture of CNC Lathes, Machining Centres or all type of CNC machine tools falling under 8456 to 8463
53.	463	Linear Motion Guides for use in the manufacture of CNC Lathes, Machining Centres or all type of CNC machine tools falling under 8456 to 8463

<b>S. No.</b>	<b>S. No. of Notfn</b>	<b>Description</b>
54.	464	CNC Systems for use in the manufacture of CNC Lathes, Machining Centres or all type of CNC machine tools falling under 8456 to 8463
55.	467	Cash dispenser and parts thereof
56.	468	Micro ATM; fingerprint reader/scanner other than for use in manufacturing cellular mobile phones; miniaturized POS card reader for mPOS (other than Mobile Phone or Tablet Computer); parts and components for manufacture of the above items
57.	471	All parts for use in the manufacture of LED lights or fixtures including LED lamp
58.	472	All inputs for use in the manufacture of LED driver or MCPCB for LED lights and fixtures or LED lamps
59.	475	Specified goods including scramblers, descramblers, encoders, jammers, network firewall, SMS monitoring system etc
60.	476	Television equipment, cameras and other equipment for taking films, imported by a foreign film unit or television team
61.	477	Photographic, filming, sound recording and radio equipment, raw films, video tapes and sound recording tapes of foreign origin if imported into India after having been exported therefrom.
62.	478	The wireless apparatus, parts imported by a licensed amateur radio operator
63.	480	Goods imported for being tested in specified test centers
64.	482	Newspaper page, transmission and reception facsimile system or equipment; telephone transmission and reception system or equipment
65.	489B	Specified goods for manufacturing of microphones
66.	495	Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles
67.	497	Active Energy Controller (AEC) for use in manufacture of Renewable Power System (RPS) inverters
68.	504	Parts, Components of Digital Still Image Video Cameras
69.	509	Parts, components and accessories for manufacture of Digital Video Recorder /Network Video Recorder (NVR)
70.	510	Parts, components and accessories for use in manufacture of reception apparatus for television and sub-parts

<b>S. No.</b>	<b>S. No. of Notfn</b>	<b>Description</b>
71.	511	Parts, components and accessories for manufacture of CCTV Camera /IP camera and sub-parts
72.	512	Specified Parts, components and subparts for use in manufacture of Lithium-ion battery and battery pack
73.	512A	Inputs ,parts or subparts for manufacture of PCBA of Lithium ion battery and battery pack
74.	515A	Open cell for use in manufacture of LCD and LED TV panels of heading 8524
75.	516	Specified goods for use in the manufacture of Liquid Crystal Display (LCD) and LED TV panel
76.	519	Raw materials or parts for use in manufacture of e-Readers
77.	523A	Parts, sub-parts, inputs or raw material for use in manufacture of Lithium ion cells
78.	527	Lithium ion cell use in manufacture of battery or battery pack of items other than cellular mobile, EV or Hybrid motor vehicle
79.	534	Parts of gliders or simulators of aircrafts (excluding rubber tyres and tubes of gliders)
80.	535	Raw materials for manufacture of aircraft or its parts
81.	535A	Components or parts of aircraft for manufacture of aircraft or for manufacture of parts of aircraft imported by PSUs under Ministry of Defence
82.	536	Parts, testing equipment, tools and tool-kits for maintenance, repair, and overhauling of aircraft or its parts
83.	537	All goods of Heading 8802 (except 88026000-spacecraft)
84.	538	Components or parts, including engines, of aircraft of heading 8802
85.	539	(a) Satellites and payloads; (b) Ground equipments brought for testing of (a)
86.	539A	Scientific and technical instruments etc for launch vehicles and satellites and payloads
87.	540	Specified goods under heading 8802 imported by scheduled air transporter
88.	542	Specified goods imported by Aero Club, Flying Training Institutes
89.	543	Specified goods imported by non-scheduled air transporter

<b>S. No.</b>	<b>S. No. of Notfn</b>	<b>Description</b>
90.	544	Parts (other than rubber tubes) of aircraft of heading 8802 for schedule, training etc
91.	546	Parts (other than rubber tubes) of aircraft of heading 8802 by aero club/training etc
92.	548	Barges or pontoons imported along with ships
93.	549	Capital goods and spares, raw materials, parts, material handling equipment and consumables for repairs of ocean-going vessels by a ship repair unit
94.	550	Spare parts and consumables for repairs of ocean-going vessels registered in India.
95.	551	Cruise ships, Excursion ships (excluding vessels and floating structures imported for breaking up)
96.	553	Fishing vessels, Tugs and Pusher crafts, light vessels (excluding vessels and floating structures imported for breaking up)
97.	555	Vessels like warships, lifeboats (excluding vessels and floating structures imported for breaking up)
98.	565	Specified goods for use in the manufacture of Flexible Medical Video Endoscope
99.	566	Polypropylene, Stainless-steel Strip and stainless steel capillary tube for manufacture of syringes, needles, catheters and cannulae
100.	567	Stainless steel tube and wire, cobalt chromium tube etc for manufacture of Coronary stents /artificial valve
101.	568	Parts and components required for manufacture of Blood Pressure Monitors and blood glucose monitoring system (Glucometers)
102.	569	Ostomy products, its accessories and parts required for manufacture of such medical equipment
103.	570	Medical and surgical instruments, apparatus and appliances including spare parts and accessories thereof
104.	575	Hospital Equipment (excluding consumables) for use in specified hospitals
105.	577	Lifesaving medical equipment including accessories or spare parts or both of such equipment for personal use
106.	578A	Raw materials, parts or accessories for the manufacture of Cochlear Implants

<b>S. No.</b>	<b>S. No. of Notfn</b>	<b>Description</b>
107.	579	Survey (DGPS) instruments, 3 D modeling software cum equipment for surveying and prospecting of minerals
108.	580	X-Ray Baggage Inspection Systems and parts thereof
109.	581	Portable X-ray machine / system
110.	583	Parts and cases of braille watches, for the manufacture of Braille watches
111.	593	Parts of video games for the manufacture of video games
112.	607	Specified Life Saving drugs/medicines including medicines for Spinal Muscular Atrophy or Duchenne Muscular Dystrophy, for personal use
113.	607A	Lifesaving drugs/medicines for personal use supplied free of cost by overseas supplier
114.	611	Archaeological specimens, photographs, plaster casts or antiquities for exhibition for public benefit in a museum managed by ASI or by State Govt.
115.	612	Specified raw material for sports goods

Note: Description of entries is indicative, notification may be referred for complete description.

B. Standalone Customs exemption notifications extended for one year , upto 31.3.2024 to be taken up for review this year

<b>S. No</b>	<b>Notification No.</b>	<b>Subject</b>
1	16-Customs (1965)	Exemption to goods exported to foreign countries for display in show-rooms of Govt of India
2	80/1970-Customs	Exemption to articles supplied free under warranty as replacement for defective ones
3	46-Customs (1974)	Pedagogic material for educational or vocational training courses
4	248/76-Customs	Exemption to precious stones imported by posts on 'approval or return' basis
5	207/89-Customs	Exemption to foodstuff and provisions, imported by foreigners
6	134/94-Customs	Exemption to goods for carrying out repairs, reconditions , testing calibration or maintenance
7	147/94-Customs	Exemptions to firearms & ammunition by renowned shot
8	148/94-Customs	Exemptions to specified free gifts, donations, relief and rehabilitation material imported by charitable trusts, Red Cross, CARE and Govt of India
9	151/94-Customs	Exemption to aircraft equipment, tanks, fuel and lubricating oils by Indian Airlines, United Arab Airlines, Indian Air Force
10	152/94-Customs	Exemption to imports for handicapped person, charitable or social welfare purposes and research and education programme
11	153/94-Customs	Exemption to goods for foreign origin imported for repair and return
12	39/96-Customs	Imports relating to defence, internal security forces& air forces
13	50/96-Customs	Exemption to specified equipment, instruments, raw material etc imported for R&D projects
14	51/96-Customs	Exemption to research equipment by publically funded and research institutions ,Govt. Dept., laboratory, IIT etc
15	25/98-Customs	Effective rate of duty for goods of Chapter 70,84,85 or 90

16	97/99- Customs	Exemption to Gold bars under Gold Deposit Scheme of RBI
17	113/2003- Customs	Exemption to castor oil cake and castor de-oiled cake manufactured from indigenous castor oil seeds on indigenous plant and machinery by unit in SEZ and brought to DTA
18	30/2004- Customs	Exemptions to second-hand computers/accessories received as donation by schools, charitable institutions
19	45/2005- Customs	Exemption from Spl. Additional duty of Customs to goods cleared from SEZ and brought to any other place in India
20	81/2005- Customs	Exemption to machinery/components for initial setting up of non-conventional power generation plants
21	102/2007- Customs	Exemption from Special CVD to all goods imported for subsequent sale when IGST, CGST, SGST or UTGST paid by importers.
22	26/2011- Customs	Exemption to work of art, antiques in museum or art gallery imported for public exhibition
23	23/2016- Customs	Effective rates for parts of aircraft imported under the Standard Exchange Scheme
24	05/2017- Customs	Exemption to machinery, components for setting up fuel cell based power generation plant.
25	16/2017- Customs	Exemption to specified drugs & medicines supplied free of cost to patients under Patient Assistance program of Pharma Companies
26	29/2017- Customs	Exemption to specimen, models, wall pictures and diagrams for instructional purposes
27	30/2017- Customs	Exemption to motion picture, music, gaming software for use in gaming console printed or recorded on media
28	32/2017- Customs	Exemption to art work created abroad by Indian artist, sculptor, antiques books more than 100 years
29	37/2017- Customs	Imports relating to defence & internal security forces
30	49/2017- Customs	Exemption to special Additional Duty on specified goods of fourth schedule to Central Excise Act
31	52/2017- Customs	Effective rate of Additional duty for goods under Chapter 27

Note: Description of entries is indicative, notification may be referred for complete description.

Conditional /unconditional exemption entries in notification no 50/2017-customs being discontinued with effect from 31.3.2023.

<b>S. No.</b>	<b>Entry. No. Notfn No. 50/2017</b>	<b>Description of goods</b>
1.	132	Goods for manufacture of specified refractory products
2.	289	Wood in chips or particles for manufacture paper and paperboard; newsprint.
3.	397	Specified goods for use in high voltage power transmission project
4.	399	Specified goods and their parts for use in manmade or synthetic fibre or yarn industry
5.	400	Specified goods and its parts for use in textiles industry
6.	403	Parts and raw materials for manufacture of goods of off- shore oil exploration or exploitation
7.	407	Goods required for substitution of ozone depleting substances (ODS) and setting up of new capacity with non-ODS technology
8.	408	Machinery, instruments, apparatus and appliances or raw material for renovation or modernization of a fertilizer plant fertilizer plants and spare parts, consumable stores, essentials for maintenance of that plant
9.	430	Goods for use in pharmaceutical and biotechnology sector for R &D
10.	432	Specified goods for use in the textile industry
11.	434	Specified machinery and capital goods for use in the silk textile industry
12.	436	Spares, supplied with outboard motors for maintenance of such outboard motors
13.	448	Specified advance capital goods/machinery used in agriculture
14.	460	Shuttle less looms and parts/components for its manufacturing
15.	513	Parts or components for use in manufacture of populated printed circuit board of DVR, NVR,CCTV camera

<b>S. No.</b>	<b>Entry. No. Notfn No. 50/2017</b>	<b>Description of goods</b>
16.	393	Machinery/Capital goods for manufacturing sports goods
17.	394	Bacteria removing clarifier
18.	395	Machinery/ Capital goods used in Fisheries sector
19.	409	Goods required for setting up crude petroleum refinery
20.	439	Specified machinery/capital goods in leather / footwear industry
21.	440	Fogging Machines imported by Municipal Committee, District Board to combat Malaria etc
22.	444	Geothermal ground source heat pumps
23.	445	Machinery/Capital goods for making Gems & Jewellery
24.	455	Goods specified under 8422 3000, 8422 4000 or 8422 9090 in packaging Industry
25.	458	Machineries under 8438 used in food processing industry
26.	461	Specified textile Machinery specified under 8444,8445,8446,8447,8448 (except 84483100), 8449
27.	469	Atmospheric Water Generator
28.	470	Presses for manufacturing of particle board or fibre building board of wood or other ligneous material and other machinery for treating wood or cork
29.	594	Snow Ski and other snow ski equipment; water-skis, surf –boards, sailboards and other water sports equipment
30.	16	Human Embryo
31.	325	Monofilament yarn

Note: Description of entries is indicative, notification may be referred for complete description.

**Standalone notification being discontinued with effect from 31.3.2023.**

<b>S. No.</b>	<b>Notification No.</b>	<b>Subject</b>	<b>Justification</b>
1	48/2017-Cus	Exemption to catering cabin equipment, food and drinks on re-importation by aircrafts of the Indian Airlines Corporation from foreign flights	Indian Airlines Corporation is no longer in existence

Note: Description of entry is indicative, notification may be referred for complete description.