



BUDGET 2023-24

INDIRECT TAX Budget Updates 2023

Analysis of Indirect tax updates in Finance Bill 2023

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CHANGES IN CGST ACT, 2017

1. Composition taxpayers are permitted to make intra-state supplies of goods through E-commerce operators

[Clause No.128 of Finance Bill, 2023]

Section 10(2) and section 10(2A) of the CGST Act,2017 has been proposed to be amended to allow composition taxpayers to make intra-state supplies of “goods” through E-commerce operators.

H&A Comments:

Small taxpayers (upto 1.5Cr\$ of aggregate supplies in a year) have an option to pay GST at the composition rate of 1%/2% instead of the normal rate. However, this option is subject to certain conditions, one such condition is that the taxpayer should not be supplying goods through E-Commerce Operators (ECOs). This amendment relaxes this condition and the person opting to make the payment of tax at composition rate may also supply goods through e-commerce operator and charging the composition rate. The restriction for supply of service through ECOs continues.

Impact: This would help the composition dealer also to explore sales through ECOs without additional tax burden.

2. Alignment of ITC reversal to the return filing system

[Clause No.129 of Finance Bill, 2023]

Second proviso to Section 16(2) of the CGST Act, 2017 has been amended to re-worded from ‘added to his output tax liability, along with interest thereon’ to pay by him along with interest payable under section 50. Further, the third proviso to Section 16(2) is proposed to be amended to clarify that the recipient is entitled to re-avail the ITC on making of payment towards value of supply along with tax payable to the supplier.

H&A Comments:

The above proviso provides for the recipient to reverse the ITC availed by way of addition to the

output tax liability along with interest where he fails to make payment to the supplier an amount towards the value of supply along with tax payable within 180 days from the date of issue of invoice. The proposed amendment aligns the provisions of law with the mechanism available on the GST portal which provides for reversal of ITC in case such failure to make payment to the supplier within 180 days from the date of invoice under Table 4(B)(2) of GSTR-3B. The ITC so reversed can be subsequently re-availed in Table 4(A)(5) of GSTR-3B with corresponding disclosure in Table 4(D)(1) of GSTR-3B upon payment of value with taxes to the supplier.

Impact: More of alignment of theory with practice. Clarity on rate of interest since the same is referring to the interest section (section 50).

3. Value of exempt supply for the apportionment of the common input tax credit to include supply of warehoused goods before clearance for home consumption

[Clause No.130(a) of Finance Bill, 2023]

Explanation to Section 17(3) is proposed to be amended to further include supply of warehoused goods before clearance for home consumption (Paragraph 8(a) of Schedule III) within the ambit of exempt supply for the purpose of reversal of ITC under Section 17(2) r/w Rule 42 and Rule 43 of the CGST Rules, 2017.

H&A Comments:

Section 17(2) of the CGST Act restricts the availability of ITC to the extent attributable to taxable supplies. Explanation to Section 17(3) provides that exempt supply for this purpose would exclude the value of activities or transactions specified in Schedule III (activities or transactions which are treated neither as supply of goods nor as supply of services). The activity of supply of the imported warehoused goods before clearance for home consumption (this is because the person filing the bill of entry i.e. the buyer would be paying IGST under The Customs Act, and would result in double payment if not excluded from supply) would be is also part of the schedule. Now *the ITC of inputs, input services and capital goods attributable to such supply needs to be reversed.*

Impact: The importer would be incurring various expenditure such as clearing and forwarding, CHA Charges, port charges, handling charges, freight etc. and GST would have been paid on the same. Hitherto to this amendment such supplier would have claimed exemption from tax on sale and would have also enjoyed the input tax credit. Now the input tax credit of the entire direct expenses pertaining to such sale and purchase along with proportionate common credit would be restricted.

4. ITC restricted on goods and services in relation to CSR activities

[Clause No.130(b) of Finance Bill, 2023]

Clause (fa) is proposed to be inserted under Section 17(5) of the CGST Act to restrict availability of ITC in respect of goods or services or both received by a taxable person, which are used or intended to be used for activities of corporate social responsibility (CSR) as provided for under Section 135 of the Companies Act, 2013.

H&A Comments:

Section 17(5) provides the list of the blocked credit. Goods and service received for the CSR activities is added to this, thereby restricting the input tax credit. The expenditure related to business is eligible for the credit, CSR being a mandated activity as per the Companies Act could have been considered as business related expenses for the purpose of input tax credit. This was also ruled in some Advance Rulings. This proposed amendment nullifies such ruling.

Impact: The ITC cannot be availed for such goods and services used for fulfilling the CSR obligation henceforth. The credit for the past would be eligible, since the intention of law to restrict such credit has been expressed only with this amendment. Further any voluntary CSR other than mandated by Companies Act, 2013 shall be eligible for ITC.

5. Clarity provided for exemption from registration

[Clause No.131 of Finance Bill, 2023]

Amendment to Section 23 of the CGST Act, 2017 to override Section 22(1) and Section 24. This has been proposed retrospectively w.e.f., 01.07.2017

H&A Comments:

Section 22 provides for registration requirement; section 23 provides for exemption from registration and section 24 provides the cases where mandatory registration is required. Under section 23, agriculturist, person engaged in exclusive exempted supplies and notified person were exempted from registration which overrides section 22 and 24.

Impact: Section 24 provides mandatory registration for person liable to pay tax under reverse charge mechanism. There are certain goods and services where tax need be paid by registered person (say cashew nuts, bidi leaves, GST, renting of residential dwelling). In such case it is clear that if the person is exclusive providing exempted supply and received GTA service there is no need for registration and payment of tax.

6. Time limit for filing GSTR-1

[Clause No.132 of Finance Bill, 2023]

Sub-section (5) to Section 37 of the CGST Act is proposed to be inserted to restrict a registered person from filing return in Form GSTR-1 under Section 37 after the expiry of a period of 3 years from the due date. However, the power is conferred upon the Government, by way of a notification subject to such conditions and restrictions, to allow a registered person or a class of registered persons to furnish the return in Form GSTR-1 even after the expiry of the said period of three years.

H&A Comments:

GSTR-1 is a return for communicating the details of the outward supplies monthly, which needs to be filed before 11of the next month. This could have been filed along with late filing fee beyond the due date. With this amendment one cannot file the GSTR-1 after the expiry of a period of 3 years.

Impact: Where GSTR-1 for a tax period is not furnished by the supplier, then the supplier is restricted from filing GSTR-3B for the said period as well as GSTR-1 for the subsequent tax periods. Further Section 29 of the CGST Act, confers powers on the proper officer to cancel the registration where the returns are not furnished for a continuous period of 6 months. Therefore, the practical implications of the said restriction would be required to be tested. Further, in case where cancellation of registration is subsequently revoked upon appeal by the assessee, subject to furnishing of pending returns, where the said time limit of 3 years has expired, then the

operationality of this provision may come into question.

7. Time Limit for GSTR-3B

[Clause No.133 of Finance Bill, 2023]

Sub-section (11) to Section 39 of the CGST Act is proposed to be inserted to restrict a registered person from filing return in Form GSTR-3B under Section 39 after the expiry of a period of 3 years from the due date of furnishing the return for the said tax period. However, the power is conferred upon the Government, by way of a notification subject to such conditions and restrictions, to allow a registered person or a class of registered persons to furnish the return in Form GSTR-3B even after the expiry of the said period of three years.

H&A Comments:

GSTR-3B is a return, which needs to be filed before 20th of the next month. This could have been filed along with late filing fee beyond the due date. With this amendment one cannot file the GSTR-3B after the expiry of a period of 3 years.

Impact: Where GSTR-3B for a tax period is not furnished by the supplier, then the supplier is restricted from filing GSTR-3B for the subsequent tax periods. Further Section 29 of the CGST Act, confers powers on the proper officer to cancel the registration where the returns are not furnished for a continuous period of 6 months. Therefore, the practical implications of the said restriction would be required to be tested. Further, in case where cancellation of registration is subsequently revoked upon appeal by the assessee, subject to furnishing of pending returns, where the said time limit of 3 years has expired, then the operationality of this provision may come into question.

8. Time Limit for GSTR 9

[Clause 134 of Finance Bill 2023]

Section 44 (2) of the CGST Act is proposed to be inserted to restrict a registered person from filing return in Form GSTR-9 after the expiry of a period of 3 years from the due date of furnishing the return for the said tax period. However, the power is conferred upon the Government, by way of a notification subject to such conditions and restrictions, to allow a registered person or a class of registered persons to furnish the return in Form GSTR-9 even after the expiry of the said period of three years.

H&A Comments:

GSTR-9 is an annual return, which needs to be filed before 31st December of the next financial year. This could have been filed along with late filing fee beyond the due date. With this amendment one cannot file the GSTR-9 after the expiry of a period of 3 years.

9. Time Limit for GSTR 7

[Clause 135 of Finance Bill 2023]

Section 52 (15) of the CGST Act is proposed to be inserted to restrict a registered person from filing return in Form GSTR-7 after the expiry of a period of 3 years from the due date of furnishing the return for the said tax period. However, the power is conferred upon the Government, by way of a notification subject to such conditions and restrictions, to allow a registered person or a class of registered persons to furnish the return in Form GSTR-7 even after the expiry of the said period of three years.

H&A Comments:

GSTR-7 is monthly return, which needs to be filed before 10th of the next month. This could have been filed along with late filing fee beyond the due date. With this amendment one cannot file the GSTR-7 after the expiry of a period of 3 years.

10. Correction in provisional refund for exporters

[Clause 136 of Finance Bill 2023]

It is proposed to amend Sub-section (6) of Section 54 so as to provide that the refund on provisional basis, shall be calculated at 90% of the amount of refund claimed. The words “excluding the amount of input tax credit claimed on provisional basis” has been proposed to be omitted.

H&A Comments:

Section 54(6) provides for the payment of 90% of the refund to exporter. However, the 90% has excluded the provisional credit. The provisional credit scheme was provided under section 42 of the Act, at the beginning of GST, later the same was omitted and concept of provisional credit

us done away with and hence such exclusion here would be irrelevant, there by this rectification amendment.

11. Powers provided for computing the interest in delay in refund.

[Clause 137 of Finance Bill 2023]

It is proposed to substitute the wordings of section 56 of the Act, for the words “from the date immediately after the expiry of sixty days from the date of receipt of application under the said subsection till the date of refund of such tax”, the words “for the period of delay beyond sixty days from the date of receipt of such application till the date of refund of such tax, to be computed in such manner and subject to such conditions and restrictions as may be prescribed” shall be substituted.

H&A Comments:

Section 56 provides for interest in case of delay in refund beyond 60 days. The proposed amendment intends to provide a basis of calculation of interest on delayed refunds in such manner and subject to such conditions and restrictions. That shall be provided in the Rules to be made post enactment of this section. While there seems to be no change in the period for which interest shall be granted.

12. Penalty proposed for e-commerce operators

[Clause 138 of Finance Bill 2023]

It is proposed to insert a new sub-section, sub-section (1B) after sub-section (1A) in Section 122 of the Act so as to provide penal provisions applicable to E-commerce operators in case there is non-compliance of any of the provisions made in relation to supply of goods made through the said ECO by unregistered persons or composition tax payers.

A penalty amounting to rupees ten thousand or an amount equivalent to the amount of tax involved had such supply been made by a registered person other than a person paying tax under section 10, whichever is higher, has been proposed on the following offences –

- a) allows a supply of goods or services or both through it by an unregistered person other than a person exempted from registration by a notification issued under this Act to make such supply;

- b) allows an inter-State supply of goods or services or both through it by a person who is not eligible to make such inter-State supply; or
- c) fails to furnish the correct details in the statement to be furnished under sub-section (4) of section 52 of any outward supply of goods effected through it by a person exempted 99from obtaining registration under this Act,

H&A Comments:

The above amendment has been proposed with a view to provide for a specific penalty in case the E-commerce operators are not ensuring compliance in terms of the provisions laid down under Section 52 of the Act. Further, due care has to be given by the ECO wherever any unregistered person has been allowed to make supplies through it in terms of specific exemptions from taking registration even if a person is making supplies through an e-commerce operator.

13. Changes in prosecution provisions

[Clause No. 140 of Finance Bill, 2023]

Section 132 has been proposed to amend by deleting the following offences

- (g) obstructs or prevents any officer in the discharge of his duties under this Act;
- (j) tampers with or destroys any material evidence or documents;
- (k) fails to supply any information which he is required to supply under this Act or the rules made thereunder or (unless with a reasonable belief, the burden of proving which shall be upon him, that the information supplied by him is true) supplies false information;

H&A Comments:

This is part of the de-criminalization activity which is not of very serious offence.

14. Changes in Compounding of offences

[Clause No. 140 of Finance Bill, 2023]

1. The restriction for compounding of the offence in case where the assessee had been allowed to compound an offence committed under clause (h) of Sec 132 (i.e., concerns himself in any way with any goods which he knows or has reasons to believe are liable to confiscation under this Act or the rules), or under clause (i)(i.e., receives or in any

way concerned with supply of services which he knows or has reasons to believe are in contravention of any provisions of this Act or the Rules) for the value more than Rs. 1 crore is now proposed to restrict the compounding of the offence irrespective of the value involved in the offence.

2. If a person is accused of committing an offence under this act or any other act for the time being in force is prohibited from compounding of the offence is now proposed to impose such restriction only on the person who issues fake invoicing without supply.
3. The corresponding effect of decriminalization of offences has been made under the provisions of compounding of the offences.
4. The amount for compounding of the offences is minimum of not less than Rs.10,000 or 50% of tax whichever is higher and the maximum amount not less than Rs.30,000 or 150% of the tax involved whichever is higher. It is proposed to reduce the amount for compounding of the offences to minimum of 25% of the taxes and maximum of not less than 100% of the taxes.

H&A Comments:

The government has proposed to reduce the compounding fee in order to reduce the litigation and provide an opportunity for the taxpayer correct himself.

15. Power of government to share the information of the taxpayer.

[Clause No. 141 of Finance Bill, 2023]

Sec 158A is proposed to be inserted to enable the government to share the following information with prior consent of the supplier:

1. particulars details given for registration under section 25 or in the return filed under section 39 or under section 44;
2. the particulars uploaded on the common portal for preparation of invoice, the details of outward supplies furnished under section 37 and the particulars uploaded on the common portal for generation of documents under section 68;
3. such other details as may be prescribed;

Further the details as mentioned in point 2 and any other details which discloses the identity of the recipient would be shared on prior consent of the recipient.

It is also provided that the government or the common portal cannot be sued for any additional liability to the registered person due to sharing of the information and the liability of the taxpayer would not have any impact.

H&A Comments:

With effect of this proposed change the government would have the power to share the information available like details provided at the time of registration, GSTR 3B, GSTR 9 and 9C, E-invoice, GSTR 1, E-way bill and any other details. Even the taxpayer would not have any power to sue the government for any liability arising out of such disclosure.

16. Retrospective applicability of changes made in Schedule III of CGST Act on 1.2.2019

[Clause No. 142 of Finance Bill, 2023]

Through CGST (Amendment) Act, 2018 w.e.f 1.2.2019, the following provisions are inserted under schedule III:

- Supply of goods from a place in the non-taxable territory to another place in the non-taxable territory without such goods entering into India.
- Supply of warehoused goods to any person before clearance for home consumption.
- Supply of goods by the consignee to any other person, by endorsement of documents of title to the goods, after the goods have been dispatched from the port of origin located outside India but before clearance for home consumption.

The explanation 2, for the expression "warehoused goods" shall have the same meaning as assigned to it in the Customs Act, 1962 (50 of 1962).

Now, it is proposed that these provisions would have retrospective effect from 1.7.2017. However, it is clarified that the refund would not be granted in cases where the taxes are already paid to the government.

H&A Comments:

The proposed amendment clarifies that supply of goods without such goods entering India, high

seas sales and sale of warehoused goods before clearance for home consumption would not be taxable under GST from 1.07.2017 which would reduce the dispute from the department for demanding taxes for the period from 1.07.2017 to 31.1.2019 where there was uncertainty on taxability of these transaction. However, the government has clarified that refund would not be granted where the taxes were actually paid.

CHANGES IN IGST ACT, 2017

17. Change in the definition of “non-taxable online recipient” and “online information and database access or retrieval services.”

[Clause No. 143 of Finance Bill, 2023]

The term “non-taxable online recipient” included the government, local authority, governmental authority, an individual or any other person not registered and receiving the OIDAR service for the purposes other than commerce, industry or any other business or profession, located in taxable territory.

Now, it is proposed to substitute the definition as extracted below:

“non-taxable online recipient” means any unregistered person receiving online information and database access or retrieval services located in taxable territory”

Explanation.–For the purposes of this clause, the expression “unregistered person” includes a person registered solely in terms of clause (vi) of section 24 of the Central Goods and Services Tax Act, 2017.

The term as defined under Sec 2 of IGST Act, online information and database access or retrieval service which is extract as below:

*(17)“online information and database access or retrieval services” means services whose delivery is mediated by information technology over the internet or an electronic network and the nature of which renders their supply **essentially automated and involving minimal human intervention** and impossible to ensure in the absence of information technology and includes electronic services such as,-*

(i) advertising on the internet;

(ii) providing cloud services;

(iii) provision of e-books, movie, music, software and other intangibles through

telecommunication networks or internet;

(iv) providing data or information, retrievable or otherwise, to any person in electronic form through a computer network;

(v) online supplies of digital content (movies, television shows, music and the like);

(vi) digital data storage; and

(vii) online gaming;

It is proposed to remove the words “*essentially automated and involving minimal human intervention and*”.

H&A Comments:

Due to the proposed change in the term non-taxable online recipient now it excludes the government and includes the departments or establishments of central government and state government. Further it does not excludes the persons if they are receiving the OIDAR services for the purposes of commerce, industry or any other business or profession if he is unregistered. Hence, on procurement of any OIDAR services by these would not be considered as import of service.

18. Amendment in place of supply for transportation of goods outside India

[Clause No. 144 of Finance Bill, 2023]

In proviso to sub-section (8) of section 12 of the IGST Act provides the place of supply on transportation of goods outside India be the destination of the goods. Now, it is proposed to omit the proviso to sub-section (8) of section 12 of the IGST Act so 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.

H&A Comments:

Due to the effect of proposed change the place of supply even in case where the destination of goods is outside India would be similar to the case where the destination of goods was in India which is in case of supply to a registered person would be the location of such person and to an unregistered person would be the location where the goods were handed over to the transporter.

CHANGES IN CUSTOMS ACT, 1962

1. Time limit for Customs Exemption not applicable for certain cases

[Clause No. 123 of Finance Bill, 2023]

Section 25(4A) of the Customs Act, 1962, provides for time limit for expiry of conditional exemptions. The time limit specified is 31st March falling immediately after 2 years from the date of grant. It is proposed to amend the sub-section by insertion of a proviso, as follows:

*“Provided further that **nothing contained in this subsection shall apply** to any such exemption granted to, or in relation to,–*

- (a) any multilateral or bilateral trade agreement*
- (b) obligations under international agreements, treaties, conventions or such other obligations including with respect to United Nations agencies, diplomats and international organisations*
- (c) privileges of constitutional authorities*
- (d) schemes under the Foreign Trade Policy*
- (e) the Central Government schemes having validity of more than two years*
- (f) re-imports, temporary imports, goods imported as gifts or personal baggage*
- (g) any duty of customs under any law for the time being in force, including integrated tax leviable under sub-section (7) of section 3 of the Customs Tariff Act, 1975, other than duty of customs leviable under section 12.”*

H&A Comments:

Sub-section (4A) was added to Section 25 vide Finance Act, 2021 wherein a time limit was specified for “conditional” exemptions notified under Customs Act. The time limit is 31st March falling immediately after 2 years from the date of grant. In case of conditional exemptions existing on the date of assent of Finance Act, 2021 (i.e., 28th March 2021), such exemptions would get expires by 31st March 2023. This led to uncertainty regarding the continuity/availability of prevalent conditionalexemptions after 31st Marhc 2023, such as EOU, Advance Authorization, jobbing, re-export etc.,. Accordingly, the subject sub-section is proposed to be amended to exclude the above-mentioned exemptions from the time limit restriction. Therefore, these exemptions would not expire as on 31st March 2023 and the time limit would be inapplicable. It is suggested to obtain expert advice before taking any decision for import under the above exemption.

2. Time limit specified for issuance of Order by Settlement Commission

[Clause No. 124 of Finance Bill, 2023]

Section 127C of Customs Act, 1962 provides for the procedure of receipt of application for settlement and issuance of order by the Settlement Commission. Sub-section (5) provides for passing of Order by the Settlement Commission. However, no time limit was specified for passing of such order. Now, sub-section (8A) is proposed to be added to Section 127C which provides as follows:

“(8A) The order under sub-section (5) shall be passed within a period of nine months from the last day of the month in which the application under section 127B is made, and if, no order is passed within the said period, the settlement proceedings shall abate, and the adjudicating authority before whom the proceeding at the time of making the application was pending shall dispose of the application in accordance with the provisions of this Act as if no application under the said section had been made:

Provided that the period specified under this sub-section may, for reasons to be recorded in writing, be extended by the Settlement Commission for a further period not exceeding three months:

Provided further that in respect of any application pending under sub-section (5) as on the date on which the Finance Bill, 2023 receives the assent of the President, the said period of nine months shall be reckoned from the date on which the said Finance Bill receives the assent of the President.”

H&A Comments:

This is a welcome amendment since cases already pending with the Settlement Commission could be reduced given that a time limit of 9 months from the date President's assent of the Finance Bill, 2023. Further, for any new applications filed with the Settlement Commission, the order would be required to be issued within 9 months from the date of application.

CHANGES IN CUSTOMS TARIFF ACT, 1975

3. Retrospective amendment to clarify the wordings “determination” and “review”

[Clause No. 125 of Finance Bill, 2023]

Amendment is proposed for the following sections:

Sub Section (6) and (7) of Section 9 i.e., countervailing duty and Sub section (5) and (6) of Section 9A i.e., anti-dumping duty to remove the ambiguity and to clarify that the “**determination and review**” refers to ***determination and review in a manner prescribed by rules under the Act.***

Also, the amendment proposed to Section 9C to remove the ambiguity and to clarify that appeals under this section lie against the ***determination or review thereof made by an authority in a manner as specified by rules notified under Sections 8 B, 9, 9A and 9B*** of the Act and also seeks to insert an explanation to provide the meaning of determination or review thereof.

The above proposed amendment made effective from 01.01.1995.

4. Prospective amendment to the First schedule to the Customs Tariff Act, 1975

[Clause No. 126 of Finance Bill, 2023]

a. Increase in rate effective from 02nd February 2023

Rate of Basic Customs duty has been increased for certain goods such as chemicals, compounded rubbers, articles of Gems and Jewellery, electric Kitchen chimney, bicycles and toys. (Annexure – IA)

b. Change in rates effective from the date of assent by President of India

(i) The amendment proposed for the modification of Basic Customs Duty rates with the objective of rationalization of rate structure to reduce the number of rates. These rate changes are to be read with the changes made for AIDC/SWS rates for certain items. These rate changes are made to maintain the existing incidence of duty for the certain items. (Annexure – IB & IC)

(ii) Also, amendment proposed to exclude the solar power plant/solar power project from the purview of Project Imports which covers under the chapter heading 9801.

(Notification No. 07/2023-Customs dated 1st February 2023)

c. Proposed amendment for the modification of tariff entries – w.e.f. 1st May 2023

(i). Amendments to General explanatory notes to the General Rules of Interpretation of Import Tariff

The following additional para inserted

‘Where the description of an article or group of articles is preceded by “----”, ‘in addition to being a sub-classification of “-” or “--”, the said article or group of articles may also be taken to be a sub-classification of the immediately preceding description of the article or group of articles which has “---”.’;

H&A Comments:

The proposed inserted para is to provide an explanation that the description which is classified under “----” which preceded by “-” or “--”, then such article or group of articles may also be considered as sub classification under the immediately preceding description of the article or group of articles which has “- --”. This explanation will have wider increase in the scope for the classification of goods at the ‘6’ and ‘8’ digit level.

(ii). Proposed modification of certain entries in First Schedule effective from 1st May 2023 (Annexure – IX)

5. Changes in Customs Duty rates:

[Notifications No. 2/2023-Customs dated 1st February 2023]

(i) Changes in Basic Customs Duty (BCD) rates for the following sectors is proposed w.e.f 2nd February 2023) [(Annexure-II(A)) :

- a) Agricultural products and by products
- b) Minerals
- c) Petrochemicals
- d) Gems and Jewellery Sector
- e) IT, Electronics
- f) Electronic appliances
- g) Automobiles
- h) Capital goods

(ii) Changes in BCD without any change in effective rate of customs duties (i.e.,

BCD+AIDC+SWS):

In order to simplify the tax structure, the number of BCD rates are being reduced. This rationalization of BCD rate structure is being carried out in a manner so as to maintain the existing incidence of duty on certain items. These changes need to be read with appropriate changes in AIDC/SWS rates. (Annexure-IIB)

6. Changes in time limit for certain exemptions

[Notification No. 02/2023-Customs dated 1st February 2023]

Following are proposed amendments:

- (i) Time limit for exemption provided to certain goods mentioned in Notification no. 50/2017-Customs extended (Annexure – IIC)
- (ii) Exemption of goods in Notification No. 50/2017-Customs extended for 1 year (upto 31st March, 2024) – Annexure – IIIA(a)
- (iii) Exemption of goods in Notification No. 50/2017-Customs extended for 5 years (upto 31st March, 2028) – Annexure – IIIA(b)
- (iv) Exemption of goods in various other notifications (Annexure – IIIB) would be extended for a period of 1 year (31st March 2024)

7. Miscellaneous proposed rate changes:

Sl. No	Particulars	Annexure	Notification No.
1	certain goods in the India-UAE CEPA Tariff notification has been increased for the headings 71081100, 71081200, 7018300 (all goods other than gold dore bar)	Annexure IV (Sl. No 1)	8/2023-Customs dated 1 st February 2023.
2	Gold and silver imported as replenishment under the scheme of Export through exhibitions/export promotion tours/export of branded jewellery as referred in para 4.46 of FTP is rationalized to 9.35% consequent to changes in import duty structure on Gold and increase in duty rate of Silver	Annexure IV (Sl. No 2)	9/2023-Customs dated 1 st February 2023.
3	Exemption for Import of warm blood horse by equestrians is now available and is	Annexure IV (Sl. No 3)	10/2023-Customs dated 1 st February

	extended upto 31 st March 2028. Further, the explanation providing that validity of exemption upto 31 st March 2023 has been omitted.		2023
4	Certain goods are exempted from levy of Social Welfare Surcharge (SWS) in order to maintain the total effective duty owing to rationalization of basic customs duty rate structure. Further, certain notifications have been rescinded considering rationalisation in the BCD Rates	Annexure VIA & VIB	4/2023-Customs & 5/2023 dated 1 st February 2023.
5	Rate of Agriculture Infrastructure And Development Cess (AIDC) revised for certain goods	Annexure – VII	3/2023 dated 1 st February 2023

8. Changes related to Central Excise:

[Clause No. 127 of Finance Bill, 2023]

- (i) The Seventh Schedule to the Finance Act, 2001 is being amended w.e.f. 02.02.2023 to revise the NCCD rates on specified cigarettes under HS 2402
- (ii) Excise duty proposed to be exempted on blended Compressed Natural Gas (CNG) from so much of the amount as is equal to GST paid on biogas /compressed bio gas contained in such blended CNG (Notification No. 05/2023-Central Excise dated 1st February 2023).

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