



UNION BUDGET 2023-2024 - CUSTOMS UPDATE

The Union Finance Minister presented the Union Budget 2023 and proposed the Finance Bill, 2023 in the Lok Sabha on February 1, 2023. An overview of post-budget Customs and Central Excise notifications as well as changes to Customs Laws are listed below.

Legislative amendments in the Customs Act, Customs Tariff Act and Rules made thereunder:

Customs Act, 1962

- Customs Act, 1962, section 25 has been 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, 1962.
- Customs Act, 1962, section 127C has been amended to insert sub section (8A) to specify a time limit of 9 months from the date of application, for disposal of the application filed before the Settlement Commission.

Customs Tariff Act, 1975

- Customs Tariff Act, 1975, sections 9, 9A, 9C have been amended to remove ambiguity and clarify that determination and review of countervailing duty and anti-dumping duty refers to determination and review in a manner prescribed by rules under the Act. The amendments are being validated retrospectively with effect from January 1, 1995.
- Customs Tariff Act, 1975, sub-sections, 9(6) and 9(7) has been amended to clarify that determination and review for countervailing duty refers to determination and review of countervailing duty in a manner prescribed by rules under the Act.
- Customs Tariff Act, 1975, sub-sections, 9A(5) and 9A(6) has been amended to clarify that determination and review for anti-dumping duty refers to determination and review in a manner prescribed by rules under the Act.
- Customs Tariff Act, 1975, section 9C has been amended 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.

- The explanation added to section 9C clarifies that “determination” or “review” means the determination or review done in such manner as may be specified in the rules made under sections 8B, 9, 9A and 9B.

Amendments to Schedules

- The First Schedule to the Customs Tariff Act, 1975 has been amended to introduce new tariff lines and to modify existing tariff lines. Amendments which do not involve change in rate of duty would come into effect from May 1, 2023.
- The First Schedule to the Customs Tariff Act, 1975 has been amended to modify the tariff rates on certain tariff items as part of rationalization of customs duty rate structure. Wherever there is increase in duty rates, they would come into effect from February 2, 2023 and the others would come into effect from the date of assent of the Bill.
- The heading 9801 of the first schedule of Customs Tariff Act, 1975 has been amended to exclude solar power plant/solar power project from the purview of Project Imports with effect from the date of assent.
- The Second Schedule has been amended to align the entries under heading 1202 with that of the First Schedule. These changes would come into effect from 1 May 2023.
- The General explanatory note to the General Rules for interpretation of the Schedule has been 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.

Customs Notifications

- **February 1, 2023-** The Central Government vide notification No. 02/2023 – Customs, has amended notification No. 50/2017-Customs, dated the June 30, 2017, so as to revise/provide exemption(s) on the specified goods. This notification shall come into force on February 2, 2023.

Notification Link:

<https://www.indiabudget.gov.in/doc/cen/cus0223.pdf>

- **February 1, 2023-** The Central Government vide notification No. 03/2023 – Customs, has amended, notification No. 11/2021-Customs dated February 1, 2021, so as to levy/exempt Agriculture and Infrastructure Development Cess (AIDC) on certain items. This notification shall come into force on February 2, 2023.

Notification Link:

<https://www.indiabudget.gov.in/doc/cen/cus0323.pdf>

- **February 1, 2023-** The Central Government vide notification No. 04/2023 – Customs, has amend notification No. 11/2018-Customs, dated February 2, 2018, to revise/provide

Social Welfare Surcharge (SWS) exemption(s) on specified goods. This notification shall come into force on February 2, 2023.

Notification Link:

<https://www.indiabudget.gov.in/doc/cen/cus0423.pdf>

- **February 1, 2023-** The Central Government vide notification No. 05/2023 – Customs, has rescinded notification Nos. 13/2021-Customs dated February 1, 2021 and 34/2022-Customs, dated June 30, 2022 related to Social Welfare Surcharge (SWS). This notification shall come into force on February 2, 2023.

Notification Link:

<https://www.indiabudget.gov.in/doc/cen/cus0523.pdf>

- **February 1, 2023-** The Central Government vide notification No. 06/2023 – Customs, has amended notification Nos. 25/1999-Customs dated February 28, 1999, 25/2002-Customs dated March 1, 2002 and 57/2017-Customs dated June 30, 2017, related to certain electronic items. This notification shall come into force on February 2, 2023.

Notification Link:

<https://www.indiabudget.gov.in/doc/cen/cus0623.pdf>

- **February 1, 2023-** The Central Government vide notification No. 07/2023 – Customs, has amended notification No. 230/86-Customs dated October 19, 2022 related to Project Import Regulations, 1986. This notification shall come into force on February 2, 2023.

Notification Link:

<https://www.indiabudget.gov.in/doc/cen/cus0723.pdf>

- **February 1, 2023-** The Central Government vide notification No. 08/2023 – Customs, has amended notification No. 22/2022-Customs dated June 30, 2022, regarding India-UAE Comprehensive Economic Partnership Agreement. This notification shall come into force on February 2, 2023.

Notification Link:

<https://www.indiabudget.gov.in/doc/cen/cus0823.pdf>

- **February 1, 2023-** The Central Government vide notification No. 09/2023 – Customs, has amended notification No. 57/2000-Customs dated May 8, 2000, which exempts gold, silver and platinum imported under specified schemes. This notification shall come into force on February 2, 2023.

Notification Link:

<https://www.indiabudget.gov.in/doc/cen/cus0923.pdf>

- **February 1, 2023-** The Central Government vide notification No. 10/2023 – Customs, has amended notification No. 146/94-Customs, dated July 13, 1994, to extend the exemption benefit to Warm blood horse for equestrian sports and extend the validity of said notification up to the March 31, 2028. This notification shall come into force on February 2, 2023.

Notification Link:

<https://www.indiabudget.gov.in/doc/cen/cus1023.pdf>

- **February 1, 2023-** The Central Government vide notification No. 11/2023 – Customs, has amended notification Nos. 90/2009-Customs, dated September 7, 2009, 33/2017-Customs, dated the June 30, 2017, and 41/2017-Customs, dated the June 30, 2017 to extend the validity of said notifications up to the March 31, 2028. This notification shall come into force on February 2, 2023.

Notification Link:

<https://www.indiabudget.gov.in/doc/cen/cus1123.pdf>

- **February 1, 2023-** The Central Government vide notification No. 12/2023 – Customs, has amended 32 notifications in order to provide a specific end date for these notifications. This notification shall come into force on February 2, 2023.

Notification Link:

<https://www.indiabudget.gov.in/doc/cen/cus1223.pdf>

Central Excise Notifications

- **February 1, 2023-** The Central Government vide notification No. 05/2023 - Central Excise has exempted Compressed Natural Gas (CNG) from so much of the duty of excise leviable on amount of GST paid on Biogas or Compressed Biogas which is blended with CNG. This notification shall come into force on February 2, 2023.

Notification Link:

<https://www.indiabudget.gov.in/doc/cen/cen0523.pdf>

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