



Budget 2021 – A Comprehensive Insight

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Foreword

A unique budget wherein the finance minister has proposed all the essential aspects of growth supported by an increase in government spending. It seems to have given the right impetus to the economy, with share market rising almost by 10% in a span of 6 hours.

The Government has laid greater emphasis on Infrastructure, Capital-spend, Health and R&D to reset the economy and pave way for sustainable growth. The government has also silenced the critics by not proposing additional wealth tax, Covid tax or increase in LTCG on equity investments which were expected by everyone.

The focus seems to be on vision for AtmaNirbhar Bharat by defining macro level initiatives namely:

- Emphasis on 6 pillars namely, Health & Well-being, Physical & Financial Capital and Infrastructure, Inclusive Development for Aspirational India, Re-invigorating Human Capital, Innovation and R&D, Minimum Government & Maximum Governance.
- Creation of 7 Mega Investment Textile Parks over next 3 years.
- Setting up of Development Financial Institution (DFI) to act as a provider, enabler & catalyst for infrastructure financing.
- Creation of 'future ready' railway system by 2030.
- Expansion of metro & adopting PPP mode for public bus transport system & Port sector.
- Development of a world class Fin-Tech Hub at the GIFT-IFSC.
- FDI in Insurance sector raised from 49% to 74%.
- Incentivising incorporation of One Person Companies (OPCs).
- Proposed divestment of 2 Public Sector Banks and 1 Insurance Company.
- One Nation One Ration Card Scheme.

On the tax front, the Budget seems to be focussing more on its proposal of stable tax regime and ease of administration. Few of the high-level proposals are:

Tax Amendments Favouring the Assessee

- No change in Income Tax Slabs and no addition in surcharge or cess
- Relief to Senior Citizens having only pension and interest income from filing ITR's.
- Exemption of dividend income paid to REITs and InvITs from TDS.
- Advance tax liability on dividend income to arise only after declaration/ payment.

Foreword

Ease of Administration for Assessee

- Reduction in time for opening income tax proceedings.
- Establishment of National Faceless Income Tax Appellate Tribunal Centre.
- To raise the threshold of gross receipts of business for Tax Audit from to Rs 10 crores.
- Reduction in time limit for completion of assessment proceedings from 12 to 9 months.
- To review old customs duty exemptions & put in place a revised customs duty structure
- Increase in safe harbour limit of 10% for homebuyers & real estate developers.

Extension of already existing exemptions/ holidays

- Extension of tax holiday for affordable housing/ rental housing by 1 year.
- 1 year extension of tax holiday for start-ups and capital gains exemption for investment in start-ups.

After a tough 2020, the government with this budget seems to be suggesting to the economy that it is standing right besides them to take the kick start. Overall this seems to be a fairly transparent and all inclusive budget.

Direct Tax Proposals



FOR INDIVIDUALS

Tax rates

Age < 60 Yrs

Total Income	Tax Rate (Old)	Tax Rate (New)
Upto 2,50,000	NIL	NIL
From 2,50,000 to 5,00,000	5%	5%
From 5,00,000 to 10,00,000	20%	20%
Above 10,00,000	30%	30%

60 Yrs <= Age < 80 Yrs

Total Income	Tax Rate (Old)	Tax Rate (New)
Upto 3,00,000	NIL	NIL
From 3,00,000 to 5,00,000	5%	5%
From 5,00,000 to 10,00,000	20%	20%
Above 10,00,000	30%	30%

Age >= 80 Yrs

Total Income	Tax Rate (Old)	Tax Rate (New)
Upto 5,00,000	NIL	NIL
From 5,00,001 to 10,00,000	20%	20%
Above 10,00,000	30%	30%

Surcharge

Particulars	From income other than salaries	From Salary Income
In case the aggregate Income is more than 2 crores- (includes any income by way of dividend or income chargeable under section 111A and 112A)	15%	15%

Direct Tax Proposals

Relaxation for senior citizen from filing of income tax return

- In order to reduce the compliance burden and provide relief to senior citizens, it is proposed to provide relaxation from filing the return of income.
- Such relaxation will be provided if the following conditions are satisfied:
 - Senior Citizen is resident in India and of the age of 75 or more
 - He has only pension income and no other income except saving interest income from banks
 - The bank is a specified bank as notified by the Government
 - A declaration has been furnished to the specified bank
- Once declaration has been furnished the senior citizen will not be required to file his/her return of income

This amendment will take effect from 1st April 2021

Extended due dates for filing Income Tax Returns

I. Due date for filing of Original Return of Income

Particulars	Date
Due date for furnishing ITR of the firm on which tax audit is applicable	31 st October
Due date for furnishing ITR of the firm on which Form 3CEB is applicable	30 th November

- It is proposed that due date for filing of original return of income be extended to 31st October of the assessment year in case of spouse of a partner of a firm, whose accounts are required to be audited, if section 5A applies
- Also, the due date for filing of return of income for such partner has been extended to 30th November of the assessment year

II. Due date for filing of belated and revised Returns

- Earlier, the belated or revised returns could be filed before the end of assessment year or before the completion of the assessment whichever is earlier.
- Moving towards a faceless and jurisdiction-less assessment, it is now proposed that the last date of filing of belated or revised returns of income is reduced by three months before the end of relevant assessment year or before the completion of the assessment, whichever is earlier

This amendment will take effect from 1st April 2021 and will accordingly apply for AY 2021-22 and subsequent assessment years

Taxability of Interest on various funds where income is exempt

- Interest accrued on employee/individual's contribution (in excess of INR 250,000) to a provident fund account would be taxable.

Direct Tax Proposals

Extension of date of sanction of loan for affordable residential house property

- As per the existing provisions of Section 80EEA which provide deduction in respect of interest on loan taken for a residential house property, it is proposed to amend the provision of the section and to extend the later date for sanction of loan from 31st March 2021 to 31st March 2022

Leave Travel Concession [Cash Scheme]

- With Covid-19 taking a hit on the global economies and stealing away people's benefit of travel concession, it has been proposed to provide tax exemption to cash allowance in lieu of LTC and further from AY 2021-22, the value in lieu of any travel concession or assistance received by, or due to, an individual shall also be exempt subject to fulfilment of conditions to be prescribed

This amendment shall take effect from 1st April 2021 and apply in relation to the AY 2021-2022 only

Advance tax instalment for Dividend Income

- As per the existing provision of section 234C, an assessee is liable to pay a simple interest @1% per month for a period of three months on the amount of shortfall calculated with respect of the due dates for advance tax instalments.
- Section 234C listed the incomes where no interest shall be paid provided the assessee has paid full tax in subsequent advance tax instalments.
- It is proposed to include dividend income in above exclusion but not deemed dividend as per section 2(22)(e) of the act.

This amendment will take effect from 1st April, 2021 and will apply to AY 2021-22.

Direct Tax Proposals

Other than Individuals

Rationalisation of provisions of MAT

Following has been proposed:

- It is proposed that if book profits of current year include income related to past year on account of APA adjustment, the taxpayer can make an application to the AO to recompute the book profits and consequent taxes. The rectification provisions would accordingly apply and the time limit for rectification to be counted from the financial year in which such application is received by AO.
- Also, dividend earned by Foreign Companies from levy of MAT to be exempt if the tax applicable on such dividend income is less than the MAT rate. Consequently the expenses directly related to such dividend shall also be disallowed.

This amendment shall be applicable from AY 2021-22 onwards

Depreciation on Goodwill

In general, goodwill is not a depreciable asset and in fact depending upon how the business runs, goodwill may see appreciation or in the alternative no depreciation to its value. Therefore, there may not be a justification of depreciation on goodwill

Hence, it is proposed that no depreciation is allowed on goodwill

- Block of assets shall not include Goodwill for purposes of depreciation.
- If Goodwill is forming part of the block of asset as on AY beginning on 1 April 2020 and depreciation has been claimed, WDV and short-term capital gain to be computed in a manner to be prescribed.
- Cost of acquisition for Goodwill acquired under certain modes of acquisition shall be the purchase price of the previous owner.
- If Goodwill is purchased, such purchase price would be the cost of acquisition. However, depreciation obtained prior to AY 2021-22 shall be reduced from the purchase price of the Goodwill

This amendment will take effect from 1st April, 2021.

Capital Gains

- Profits or gains arising from the receipt of money or other asset by a partner of a firm/member of AOP/BOI at the time of its dissolution or reconstitution shall be chargeable to income-tax as income of firm/AOP/BOI under the head 'capital gains.

Direct Tax Proposals

Assessment Proceedings

Provision of Faceless Proceedings before the Income tax Appellate Tribunal (ITAT)

- For greater efficiency, transparency and accountability to the assessment process, appeal process and Penalty process a new faceless assessment scheme, faceless appeal scheme, faceless penalty scheme was introduced. Also, it is proposed to launch a faceless scheme for ITAT proceedings.
- A National Faceless ITAT Centre to be established to eliminate human interface during ITAT proceedings.

This amendment will take effect from 1st April, 2021

Reduction of time limit for completing assessment

- Time limit for completion of assessment proceedings under section 153 (in case of TP reference) for AY 2021-22 and onwards, reduced from the earlier 24 months to 21 months from the end of the assessment year. Consequently, the time-limit for completion of TP assessment proceedings also stands reduced from erstwhile 22 months to 19 months. Adjustments on account of increase in income indicated in tax audit report but not taken in the return of income permitted while processing of return of income.

Rationalisation of the provision relating to processing of returned income and issuance of notice

Particulars	Proposed amendment
Issue of intimation	9 months from end of the FY in which the return is furnished (reduced from 12 months)
Issue of notice initiating assessment	3 months from the end of the FY in which the return is furnished (reduced from 6 months)
Completion of assessment	9 months from the end of the AY (reduced from 12 months)

- Time limit to reopen cases reduced from 6 years to 3 years
- However, time limit increased to 10 Years in cases where AO has the evidence to demonstrate that income has escaped assessment of more than 50 Lacs

These amendments will take effect from 1st April, 2021

Provisional attachment in Fake Invoice cases

- To protect the interest of revenue, it has been proposed to amend the act to enable the Assessing Officer to provisionally attach any property of the assessee and exercise the powers during the pendency of proceedings for imposition of penalty under the Act, if the amount or aggregate of amounts of penalty imposable is likely to exceed two crore rupees

Direct Tax Proposals

TDS/ TCS/ Equalisation Levy

TDS on Purchase of goods

TDS at the rate of 0.1% is proposed to be levied on purchase of goods above 50 lacs in year provided turnover of the buyer exceed 10 crores in preceding financial year

The said amendment will take effect from 1st July 2021

Enhanced TDS/TCS rates for non-filing of tax returns

- It is proposed to insert new sections for higher rate of TDS/TCS for non-filers of income tax return.
- Hence, rate of TDS/TCS shall be proposed to be double of the specified rate or 5% whichever is higher in case of non-filing of ITR for the last 2 years and where TDS/TCS is INR 50,000 or more for last 2 years. However, salary income, payment to non-resident etc. has been excluded from such provision.

This amendment will take effect from 1st July 2021

Exemption of TDS on payment of Dividends to Business Trust

- Section 194 of Income Tax Act, provided for deduction of tax at source (TDS) on payment of dividends to a resident.
- This section shall not apply to such income credited or paid to certain insurance companies and insurers.

- It is proposed to amend the provisions of this section by providing that this shall also not apply to such income credited or paid to business trust by payment of dividend

This amendment will take effect retrospectively from 1st April 2020

Rationalisation of provisions of Equalisation Levy

- Equalisation Levy is to be levied at the rate of two percent of the amount of consideration received or receivable by an e-commerce operator from e-commerce supply or services
- It is thereby clarified that consideration received or receivable for specified services shall not include consideration which are taxable as royalty or fees for technical services in India under the Income Tax Act
- Therefore, for the purpose of defining e-commerce supply or service, “online sale of goods” and “online provision of services” shall include one or more following activities taking place online-
 - Acceptance of offer for sale
 - Placing the purchase order
 - Acceptance of the Purchase order
 - Payment of consideration
 - Supply of goods or provision of services, partly or wholly

This amendment will take effect retrospectively from 1st April 2020

Direct Tax Proposals

Business Expenditure & Compliance

Payment by employer of employee contribution to a fund on or before due date

- According to section 43B, if any sum towards employer's contribution to any employee welfare fund is actually paid on or before due date for furnishing ITR, employer is entitled to deduction. Though section 43B of the Act covers only employer's contribution and does not cover employee contribution, some courts have applied the provision of section 43B on employee contribution as well
- It is proposed to amend the act and it has been clarified that section 43B does not include any sum received by employer from its employees towards employee welfare fund. Late deposit of employees' contribution to labour welfare funds by the employer shall not be allowed as deduction to the employer

Increase in safe harbour limits in case of Real Estate

- Safe harbour limit of 10% is proposed to be increased to 20% in case of primary sale of residential units - difference between the stamp duty value and consideration received
 - Consideration received or accruing does not exceed INR 2 Cr.

- Sale is between 12 November 2020 to 30 June 2021
- Similar benefit proposed to be extended on deemed income in the hands of buyer

Presumptive Income

Rationalisation under section 44ADA

- As per the proposed amendment Limited Liability Partnership (LLP) not eligible for presumptive tax for professionals

Capital Gain

Widening the scope of Slump Sale

- With effect of April 2021 the definition of the term "Slump Sale" includes all transfer including exchange thus widening the scope of slump sale

Direct Tax Proposals

Start-Ups

Extension of date of incorporation for eligible start up for exemption and for investment in eligible start-up

- In order to boost the start-up ecosystem in India, the eligibility period for incorporating the eligible start-up has been extended by one more year (i.e., subject to other conditions, start-up incorporated on or before 1 April 2022 can now claim income tax holiday).
- Existing provisions of section 54GB provide exemption from capital gains (from transfer of residential property on or before 31st March, 2021) utilised for subscription in the equity shares of an eligible start-up.
- The Finance Bill, 2021, has extended the period of transfer of residential property up to 31 March 2022

Other Proposals

Definition of 'Liable to Tax'

- The term 'liable to tax' has been defined to mean that there is a liability of tax on a person under any law in any country and includes cases where exemptions are granted subsequent to imposition of such tax

Rationalisation of provisions relating to tax audit in certain cases

- To reduce compliance burden on small and medium enterprises, the threshold limit for a person carrying on business was increase from one crore rupees to five crore rupees in cases where.
 - Aggregate of all receipts in cash during the previous year does not exceed five percent of such receipt; and
 - Aggregate of all payments in cash during the previous year does not exceed five percent of such payment.
- The Government of India is now planning to incentivise non-cash transactions to promote digital economy and to further reduce compliance burden of small and medium enterprises.

Therefore, it is proposed to increase the threshold from five crore rupees to ten crore rupees.

Indirect Tax- GST



Goods and Services Tax

1. LEVY & COLLECTION OF TAX

- A new clause (aa) has been inserted in Section 7(1) **retrospectively** w.e.f. 1st July 2017 to ensure levy of tax on activities or transactions by a person, other than an individual to its members or vice-versa for cash, deferred payment or other consideration. *Accordingly, paragraph 7 of Schedule II which dealt with such transactions has now been omitted.*
- The **impact** of such addition is that it widens the scope of Section 7 and now it includes supply of services along with supply of goods pertaining to such transactions.

2. ELIGIBILITY & CONDITIONS FOR AVAILING INPUT TAX CREDIT (ITC)

- A new clause (aa) has been inserted in Section 16(2) to provide that ITC on an invoice or a debit note may be availed by the recipient only when details of such invoice or debit note has been furnished by the supplier in the **statement of outward supplies** and the same has been communicated to the recipient.
- The **impact** of such addition is that ITC shall be availed by the recipient only after the GSTR-1 has been filed by the supplier duly reporting the details of such transaction.
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3. ANNUAL RETURN AND RECONCILIATION STATEMENT

- It is proposed to **omit** Section 35(5) which mandates getting annual accounts and **reconciliation statement audited** by a specified professional.
- Also, the existing Section 44 which provided that every eligible taxpayer who had to furnish an annual return and get his accounts audited shall submit a reconciliation statement duly certified by a specified professional within the specified time limits has now been substituted to provide relaxation in respect of certification. A **self certified reconciliation statement** may now be furnished along with annual return.
- The **impact** of such change is that the requirement to submit reconciliation statement duly certified by a professional will no longer be applicable.

Indirect Tax- GST



4. INTEREST ON DELAYED PAYMENT OF TAX

- The proviso to Section 50(1) has been substituted to provide that interest on delayed payment of tax would now be applicable on **Net Cash liability** payable through Electronic Cash ledger after adjusting the available Input Tax Credit against the previous provision in which interest was applicable on the entire delayed amount of tax. *The said amendment has been made retrospectively w.e.f. 1st July 2017.*

5. DEMAND AND RECOVERY

- Explanation to Section 74 has been amended wherein earlier proceedings against all persons which got concluded under Sections 73 and 74 resulted in deemed conclusion under Sections 122, 125, 129 and 130. *However, the amendment now results in deemed conclusion under Section 122 and 125 only.*
- The **impact** of such amendment is that Sections 129 and 130 which deal with seizure and confiscation of goods and conveyances in transit, are now separate proceedings and shall now be concluded under respective provisions.

- An explanation to Section 75(12) has been inserted to clarify that self assessed tax shall include tax payable in respect of outward supplies, details of which have been furnished in return under Section 37 but not included in return under Section 39.
- The **impact** of such addition is that the government has now widened the recovery proceedings and self-assessment tax would now include tax declared in GSTR-1 but not reported in GSTR-3B.

6. PROVISIONAL ATTACHEMENT

- As per section 83, where any proceedings have been initiated in respect of any
 - Assessment
 - Inspection, Search, Seizure & Arrest
 - Demand and Recovery

Then, the provisional attachment of any property, including bank account shall remain valid for the entire period starting from initiation of proceeding till the expiry of **one year from the date of order.**

Indirect Tax- GST



7. APPEALS

- An appeal against an order of “Detention, Seizure and Release of goods and Conveyance in transit” can only be filed after paying a sum of **25% of penalty**. Such addition has been made to Section 107(6).

8. OFFENCES AND PENALTIES

- The following conditions have been substituted under Section 129(1) for release of goods or conveyance where any person transports or stores any goods while they are in transit in contravention of the Act and all such goods as well as the conveyance shall be liable to detention or seizure

When owner comes forward for payment:

- **Taxable Goods:** Penalty shall be levied equal to 200% of the tax payable
- **Exempt Goods:** Penalty shall be levied equal to 2% of the value of goods or INR 25,000 whichever is lower

When owner does not come forward for payment:

- **Taxable Goods:** Penalty shall be levied equal to 50% of the value of goods or 200% of the tax payable on such goods, whichever is higher
- **Exempt Goods:** Penalty shall be levied equal to 5% of the value of goods or INR 25,000 whichever is lower.

- Amendment has been made to Section 129(3) to specify the period of **7 Days** from detention/seizure date under which notice shall be issued by the proper officer and also pass an order within a period of **7 Days** from the date of notice.
- Amendment has been made to Section 129(6) to provide that if the transporter or owner of goods fails to pay the penalty levied within a period of **15 days** from the date of order, such goods shall be **sold or disposed off** to recover the penalty.
- Moreover, a proviso has been added to provide that the conveyance shall be released on payment by the transporter of penalty levied or **INR 1,00,000** whichever is less.
- Such amendment has resulted in **delinking** of proceedings under Section 129 with Section 130 which deals with confiscation of goods or conveyances.

9. POWER TO COLLECT STATISTICS

- Section 151 has been substituted which empowers the jurisdictional commissioner to **call for information** from any person relating any matter dealt with.

Indirect Tax- GST



- Section 151 is being amended to empowers the Jurisdictional commissioner to call for information from any person in any matter by issuance of an order.
- Also, amendment has been made to Section 152 which now states that any information obtained under Section 150(obligation to furnish information return) & 151(Power to collect statistics) can be used for proceedings only after **giving an opportunity of being heard** to the person concerned.

10. ZERO RATED SUPPLY

- Amendment has been made to Section 16 of the IGST Act in respect of following:
- **Linking Foreign Exchange Remittance:** In case of non-realisation of sale proceeds against export of goods, the refund received shall be deposited back to the Government along with applicable interest within 30 Days after expiry of the time limit prescribed under FEMA Act for receipt of remittances.
- To restrict the zero-rated supply on payment of Integrated Tax only to a notified class of taxpayers or notified supplies of goods or services.

Indirect Tax- Excise Duty



IMPOSITION OF AGRICULTURAL INFRASTRUCTURAL AND DEVELOPMENT CESS (AIDC) ON PETROL AND DIESEL

AIDC has been proposed on Petrol and High-Speed Diesel as an additional duty of excise. Consequent to imposition of AIDC, the Basic Excise Duty (BED) and Special Additional Excise Duty (SAED) have been reduced so that the consumer does not bear the additional burden. The revised duty structure shall be as follows. The revised rates shall be applicable w.e.f. 2nd February 2021-

Sl. No.	Item	Existing			Proposed		
		BED (Rs/Ltr.)	SAED (Rs/Ltr.)	AIDC (Rs/Ltr.)	BED (Rs/Ltr.)	SAED (Rs/Ltr.)	AIDC (Rs/Ltr.)
1	Petrol (Unbranded)	2.98	12	-	1.4	11	2.5
2	Petrol (Branded)	4.16	12	-	2.6	11	2.5
3	High Speed Diesel (Unbranded)	4.83	9	-	1.8	8	4
4	High Speed Diesel (Branded)	7.93	9	-	4.2	8	4

Excise duty Rate changes effective from 1 April 2021-

S. No.	Existing			Proposed		
	Chapter, Heading, Subheading, Tariff item	Description of goods	Effective Basic Excise Duty rates	Chapter, Heading, Subheading, Tariff item	Description of goods	Effective Basic Excise Duty rates
1	2709 10 00	Petroleum oils and oils obtained from bituminous minerals	...	2709 00 10	Petroleum crude	Nil
2	2709 20 00	Petroleum crude	Re. 1 per tonne	2709 00 90	Other	...

Indirect Tax- Customs Duty

Customs Act, 1962

1. Common Portal

- A new clause 7(B) is being added to section 2 of the customs Act 1962, introducing a common portal called the Common Customs Electronic Portal.
- Also, Section 139 (1D) is being introduced to include inventories, photographs and lists as certified by the Appeals Commissioner to give evidentiary value to such documents.
- The union budget, vide Section 149, has introduced a second proviso which would allow amendments to be done through the customs automated system based on risk evaluation through appropriate selection criteria. Also, certain amendments may be done by the importer or exporter on the common portal.
- In addition, the common portal will be equipped to enable availability of service of order, summons, notice, etc. The Common Portal will also now facilitate registration, filing of bills of entry, shipping bills, any other document or form in addition to payment of duty and for carrying out such other functions.

2. Exemptions Withdrawn

- Exemptions available against payment of duty are being withdrawn and/or concessional rates are being introduced by amending section 25 of the Customs Act. All existing conditional exemptions in force shall come to an end latest by 31st March 2023

3. Time Limit for completion of proceedings

- A new section 28BB is being introduced prescribing a two-year time limit, extendable by one year by the Commissioner, for completion of any proceedings under the customs act which may result in issuance of a notice.

4. Time Limit for filing Bill of entry

- Section 46 (3) is being amended to mandate filing of bill of entry before the end of the day preceding the day **(including holidays)** of arrival of goods. Also, the budget has enabled the Board to notify the time period for presenting bill of entry in certain cases as it may deem fit.

Indirect Tax- Customs

5. Revised Procedure of pre-trial disposal of the seized gold

- Section 110 of the Customs Act is being amended to award the appeals commissioner the authority, instead of the magistrate, to certify the correctness of inventory of the seized goods and carry out other procedures as prescribed, before the disposal of the seized gold in a manner to be determined by the Central Government

6. Confiscation of goods

- Section 113(ja) is being introduced to provide for the confiscation of any goods entered under wrongful claim of remission/refund of any duty/tax/levy for exportation

7. Penalty for wrongful utilisation of Input Tax Credit

- A new section 114AC is being inserted in Customs Act to prescribe penalty where any invoice has been obtained by fraud, collusion, wilful misstatement or suppression of facts, and Input Tax Credit is being utilised on the basis of such invoice for discharging any duty or tax on goods that are entered for exportation under claim of refund of any duty or tax.

Customs Tariff Act, 1975

- Countervailing/anti-dumping duty to be levied only from the date of initiation of inquiry on circumvention.
- Central Government may modify countervailing/anti-dumping duty to counter the effect of absorption from the date of initiation of inquiry.
- The countervailing/anti-dumping duty shall not apply to 100 per cent Export Oriented Undertaking or unit in Special Economic Zone unless
 - it is specifically made applicable in such notification or to such undertaking or unit
 - such article is cleared as such or goods manufactured out of it are cleared into Domestic Tariff Area

Indirect Tax- Customs Duty

Import of Goods at Concessional Rate of Duty Rules, 2017

IGCR Rules 2017 are being amended to allow job-work of imported materials (except gold and jewellery and other precious metals), to allow 100% outsourcing for manufacture of goods on job-work and to allow imported capital goods to be cleared on payment of differential duty, along with interest, on the depreciated value.

List of Projects for Projects Import Scheme

High Speed Rail Projects are included in list of projects to which Projects Imports Scheme is applicable with National High Speed Rail Corporation Ltd. being nominated as the 'Sponsoring Authority' approving the items required to be imported under the said scheme for these projects.

Rescindment of certain Custom Duty exemptions

Exemption to items of machinery, appliances or equipment for setting up of solar power generation project, tags or labels, printed bags, goods imported for organizing FIFA Under-17 World Cup, 2017 respectively from custom duty has been rescinded

Review of levy of Social Welfare Surcharge

- Exemption of certain class of goods from levy of Social Welfare Surcharge (hereinafter referred to as "SWS") which was available earlier stands withdrawn.
- SWS is exempted on the value of Agriculture Infrastructure and Development Cess (AIDC) imposed on gold and silver

Miscellaneous Changes

Anti-Dumping Duty (ADD) and Countervailing Duty (CVD)

With effect from 01st July 2021, Customs Tariff (Identification, Assessment and Collection of Anti-Dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 & Customs Tariff (Identification, Assessment and Collection of Countervailing Duty on Subsidized articles and for determination of Injury) Rules, 1995 has been changed to the extent that the final findings are to be issued by the designated authority, in review cases at least three months prior to the expiry of the ADD & CVD under review respectively.

Key Tariff rate changes for Basic Customs Duty

Commodity	Rate of Duty	
	From	To
Plastic items		
Builder's ware of Plastics	10%	15%
Gems and Jewellery Sector		
Cut and Polished Synthetic stones, including Cut and Polished Cubic Zirconia	10%	15%
Electrical and Electronics Sector		
Compressors of a kind used in refrigerating equipment	12.50%	15%
Compressors of a kind used in air-conditioning equipment	12.50%	15%
Printed Circuit Board Assembly [PCBA] of charger or adapter	10%	15%
Parts of Automobiles		
Safety glass, consisting of toughened (tempered) or laminated glass	10%	15%
Parts of Electrical lighting and signaling equipment, windscreen wipers, defrosters and demisters, of a kind used for cycles or motor	10%	15%
Ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	10%	15%
Instrument Panel Clocks and Clocks of a similar type for vehicles, Aircraft, Spacecraft or Vessels	10%	15%

OTHER KEY PROPOSALS INVOLVING CHANGES IN BASIC CUSTOMS DUTY rates

Commodity	Rate of Duty	
	From	To
Agricultural Products and By Products		
Denatured Ethyl Alcohol (ethanol) for use in manufacture of excisable goods	2.50%	5
All goods except dog and cat food and shrimp larvae feed	Nil/5%/10%/15%/20%/30%	15%
Minerals: Natural borates and concentrates thereof	Nil/5%	2.50%
Textiles		
Raw Silk (not thrown)	10%	15%
Silk yarn, yarn spun from silk waste (whether or not put up for retail sale)	10%	15%
Raw Cotton	Nil	5% + 5% AIDC*
Cotton waste (including yarn waste or garneted stock)	nil	10%
Nylon Fibre and Yarn	7.50%	5
Gems and Jewellery Sector		
Waste and scrap of precious metals or metals clad with precious metals	12.50%	10%
Gold or Silver Findings	20	10%
Coin	12.50%	10%
Capital Goods		
Tunnel boring machines	nil	7.50%
Parts and components for manufacture of tunnel boring machines with actual-user condition	nil	2.5
IT, Electronics and Renewable		
Inputs or parts for manufacture of Printed Circuit Board Assembly (PCBA) of cellular mobile phone (w.e.f. 1.4.2021)	nil	2.5
Inputs or parts for manufacture of camera module of cellular mobile phone (w.e.f. 1.4.2021)	nil	2.5
Inputs or parts for manufacture of connectors of cellular mobile phone (w.e.f. 1.4.2021)	nil	2.5
Inputs or raw material for manufacture of specified parts like back cover, side keys etc. of cellular mobile phone (w.e.f. 1.4.2021)	nil	2.5
Inputs or raw material (other than PCBA and moulded plastics) for manufacture of charger or adapter of cellular mobile phones	nil	10%
Solar lanterns or solar lamps	5	15%
Solar Inverters	5	20
Aviation Sector		
Components or parts, including engines, for manufacture of aircrafts or parts of such aircrafts, by Public Sector Units under Ministry of Defence subject to condition specified.	2.5	0
Medical devices		
Medical Devices imported by International Organization and Diplomatic Missions	Health Cess @ 5%	Health Cess @ Nil
Goods imported under Project Import Scheme		
High Speed Rail Projects being brought under project imports	Applicable rate	5
All goods other than Bicycle parts and components	10%	15%

IMPOSITION OF AGRICULTURE INFRASTRUCTURE AND DEVELOPMENT CESS ON IMPORT OF CERTAIN ITEMS

Commodity	Rate of Duty	
	From	To
Apples	15%	35%
Crude Palm Oil	15%	17.50%
Crude Soya-bean oil	15%	20%
Crude Sunflower seed oil	15%	20%
Peas (Pisum sativum)	10%	40%
Kabuli Chana	10%	30%
Bengal Gram (desichana)	10%	50%
Chick Peas (garbanzos)	10%	50%
Lentils (Mosur)	10%	20%
All goods (Wine)	50%	100%
Vermouth and other wine of fresh grapes, flavoured	50%	100%
Other fermented beverages for example, Cider, Perry, Mead, sake, mixture of fermented beverages or fermented beverages and nonalcoholic beverages	50%	100%
All goods (Brandy, Bourbon whiskey, Scotch etc.)	50%	100%
Various types of coal	1%	1.50%
Lignite, whether or not agglomerated	1%	1.50%
Peat, whether or not agglomerated	1%	1.50%
Urea	Nil	5%
Ammonium nitrate	2.50%	5%
Muriate of potash, for use as manure or for the production of complex fertilisers	Nil	5%
Diammonium phosphate, for use as manure or for the production of complex fertilisers	Nil	5%
Cotton (not carded or combed)	5%	5%
Silver (including imports by eligible passengers)	7.50%	2.50%
Silver Dore	6.10%	2.50%
Gold (including imports by eligible passengers)	7.50%	1.50%
Gold Dore	6.90%	2.50%

Tariff rate changes (without any change in the effective rates of Basic Customs Duty)

Commodity	Rate of Duty	
	From	To
Air compressors mounted on a wheeled chassis for towing	7.50%	15%
Gas Compressors (other than of a kind used in airconditioning equipment), free-piston generators for gas turbine, turbo charger and other compressors	7.50%	15%
Electric Motors	10%	15%
Relays	10%	15%
Boards, panels, consoles, etc. for electric control or distribution of electricity	10%	15%
Other instruments, appliances and machines	7.50%	15%
Electronic automatic regulators and other controlling instruments or apparatus	10%	15%

About Us

About us:

IBA is a leading Financial and legal advisory company with specialization in Assurance, Risk Consulting, Legal, Direct Tax, Indirect Tax(GST) and Corporate Advisory for midsize, SMEs and start-up firms. IBA constitute a young team of path breaking professionals, who believe in creating value through innovation and creativity to provide ultimate client satisfaction. Clients benefit from our fresh thinking, constructive challenge and practical understanding of the issues they face. We aim to alloy a perfect blend of professionalism with high standards of service, in our pursuit of excellence.

Founded in the Year 2003, the company witnessed immense growth from 2 members to currently a 100 members team, with its offices in Delhi, Mumbai and Bangalore and its clients from across states. IBA continues to offer wholesome service experience to boost highly valued client relationships by combining the technical and industry expertise at par with well-placed firms together with a personal commitment to optimize client service.



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