

UNION BUDGET 2023



INDIA 75
The Way Forward

I.FOREWARD

Mercurial micro and macro factors, geopolitical uncertainty coupled with a recent slowdown caused by an unprecedented situation owing to the Novel Coronavirus COVID-19 has impacted the Indian economy. The one universal expectation of various stakeholders from the Government has been a rational yet rapid resolution to their financial woes. In such a scenario, Budget 2023 was widely anticipated to provide a reasonable resolution to the fickle Indian economic outlook. The Budget was presented by the Honorable Finance Minister using the Tablet Mode. While presenting the budget for the 2023-2024 fiscal year, Sitharaman said that Inclusive development, Reaching the last mile, Infrastructure and Investment, Unleashing the potential, green growth, youth power and financial sector will be the seven top priorities for the central government. The Union Budget seeks to build on the foundation the previous budget, and the blueprint for India@100., it envisions a prosperous and inclusive India, in which fruits of development reach all regions and citizens, especially the youth, women, farmers, OBCs, Scheduled castes and Scheduled tribes.

The Make in India Packages accelerated the pace of structural reforms. Economic empowerment of women, PM Vishwakarma Kaushla Samman (PM VIKAS), Tourism and Green growth are some of the notable areas where reforms are to be carried out during this period.

This Budget will be the third of this decade. It is a mark of prudence and hard work that the Fiscal deficit for 2022-23 worked out to be **6.71 per cent of the gross domestic product (GDP)**, which is lower than 6.9 per cent projected by the Finance Ministry in the revised Budget Estimates. Uncertainties caused by the pandemic and the global economy have continued through 2022 into 2023.

The budget comes at a time when India's economy is remarkably tackling the global economic uncertainty. But there are still a host of challenges that could upset growth. Recession leading to high rates layoffs and unemployment is a leading challenge right now.

Now, just as it had happened after the two World Wars, there are signs that the political, economic, and strategic relations in the world are changing now. This moment in history is the dawn of a new era – one in which India is well-poised to truly be the land of promise and hope. ***"Faith is the bird that feels the light and sings when the dawn is still dark"***

II. TABLE OF CONTENTS

Economic Overview

-Macro-Economic Overview	05
Budget Highlights	
-Direct Tax	08
-Indirect Tax	09
Budget Proposals	
-Direct Tax: Personal & Corporate Tax	12
-Other Proposals	19
Income Tax Rates	40

III. ECONOMIC OVERVIEW AND PROSPECTS



Macro-Economic Overview

Overview of the Economy and GDP growth

India's nominal gross domestic product (GDP) at current prices is estimated to be at Rs. 232.15 trillion (US\$ 3.12 trillion) in FY22. With more than 100 unicorns valued at US\$ 332.7 billion, India has the third-largest unicorn base in the world. The government is also focusing on renewable sources to generate energy and is planning to achieve 40% of its energy from non-fossil sources by 2030.

According to the McKinsey Global Institute, India needs to boost its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030 in order to increase productivity and economic growth. The net employment rate needs to grow by 1.5% per annum from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030. India's current account deficit (CAD), primarily driven by an increase in the trade deficit, stood at 2.1% of GDP in the first quarter of FY 2022-23.

Exports fared remarkably well during the pandemic and aided recovery when all other growth engines were losing steam in terms of their contribution to GDP. Going forward, the contribution of merchandise exports may waver as several of India's trade partners witness an economic slowdown. According to Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Indian exports are expected to reach US\$ 1 trillion by 2030..

India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

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Banking Sector

- Bank credit growth was 15.0% as on August 2022 as compared to 9.3% in the month of December of the previous year.
- The Gross Non-Performing Advances (GNPA) ratio of Scheduled Commercial Banks decreased from 6.9% from September 2021 to 5.0 % at September 2022.
- Return on Assets data was reported at 0.910 % in 2022. This records an increase from the previous number of 0.660 % for 2021.

Agriculture

- As per Fourth Advance Estimates for 2022-23, total Foodgrain production in the country is estimated at record high of 315.72 million tonnes as compared to 310.74 million tonnes in year 2021-22.
- India's rice production could fall by 10-12 million tonnes during the Kharif season this year due to a fall in paddy sowing area.
- India's wheat output fell to 106.84 million tonnes in 2022 from 109.59 million tonnes a year earlier

Industrial Production

- India's industrial production jumped 7.1 percent from a year earlier in November of 2022, the most in five months and easily beating market expectations of a 2.5 percent increase. Manufacturing output grew 6.1 percent, the most since June and rebounding from a 5.6 percent decline in October. Also, mining output rose by 9.7 percent and power generation increased by 12.7 percent. Considering April-November, industrial activity advanced 5.5 percent.

Prospects:

The stimulus measures and reforms initiated by the Government and liquidity measures by the RBI are expected to support industrial activity and demand. The movement of various high frequency indicators in recent months, points towards broad based resurgence of economic activity. RBI has increased the repo rate by 225 Basis points in the last 9 months. Vaccination against Covid 19 has been provided at large scale covering most parts of India including rural. In line with the projections for strengthening of India's growth by multi-lateral institutions, the nominal growth of the economy is expected to be 10.5 percent in the financial year 2023-24.

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IV. BUDGET HIGHLIGHTS



DIRECT TAX

- 15% of the total government funds are from Income tax collected.
- 45% of the returns on the tax payers' portal were processed within 24 hours.
- Average processing period reduced from 93 to 16 days in 8 years, and this will further be reduced by rolling out the next-generation common IT Return Form.
- Plan to strengthen the grievance redressal mechanism.
- Income limit for rebate u/s 87A of income tax increased from Rs. 5 lakhs to Rs 7 lakhs in the new regime.
- The Income tax exemption limit has been increased to Rs 3 lakhs.
- Highest surcharge rate on income above Rs 5 crores to be reduced from 37% to 25% under new regime.
- Extending benefits of standard deduction to new tax regime for salaried class and pensioners.
- Increasing tax exemption limit to Rs 25 lakhs on leave encashment on retirement for non-government salaried employees.
- Enhanced limits for micro enterprises and professionals to avail benefits of presumptive taxation ; 95% of receipts to be non-cash.
- Deduction on payments made to MSMEs to be allowed only when payment is actually made.
- Extending 15% corporate tax benefits to new co-operatives, commencing manufacturing till 31st March,2024.
- Higher limit of Rs 2 lakh per member for deposits & loans in cash by PACS and PCARDSs.
- Higher limit of Rs 3 crore for TDS on cash withdrawal for co-operative societies.
- Extension of the date of incorporation by one year for income tax benefits to start-ups.
- Benefit of carry forward of losses on change of shareholding of start-ups from seven years of incorporation to ten years.
- Income of authorities, boards and commissions set up by statutes of the Union or state to be exempted from income tax in certain sectors.
- Extension of period tax benefits to funds relocating to IFSC, GIFT city till 31st March, 2025.

INDIRECT TAX

- **Green Mobility**

- To avoid cascading of taxes on blended compressed natural gas, it is proposed to exempt excise duty on GST-paid compressed bio gas contained in it.
- To further provide impetus to green mobility, customs duty exemption is being extended to import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles.

- **Electronics and Electricals**

- It is proposed to provide relief in customs duty on import of certain parts and inputs like camera lens and continue the concessional duty on lithium-ion cells for batteries for another year.
- It is also proposed to reduce the basic customs duty on parts of open cells of TV panels to 2.5 per cent.
- The basic customs duty on electric kitchen chimney is being increased from 7.5 per cent to 15 per cent and that on heat coils for these is proposed to be reduced from 20 per cent to 15 per cent.

- **Chemicals and Petrochemicals**

- Denatured ethyl alcohol is used in chemical industry. It is proposed to exempt basic customs duty on it.
- Basic customs duty is also being reduced on acid grade fluorspar from 5 per cent to 2.5 per cent
- Further, the basic customs duty on crude glycerin for use in manufacture of epichlorhydrin is proposed to be reduced from 7.5 per cent to 2.5 per cent.

- **Marine products**

- Duty is being reduced on key inputs for domestic manufacture of shrimp feed.

- **Lab Grown Diamonds**

- It is proposed to reduce basic customs duty on seeds used in their manufacture.

- **Precious Metals**

- It is proposed to increase the duties on articles made the dore and bars of gold and platinum.
- It is also proposed to increase the import duty on silver dore, bars and articles to align them with that on gold and platinum.

- **Metals**

- The exemption from Basic Customs Duty on raw materials for manufacture of CRGO Steel,

ferrous scrap and nickel cathode is still being continued.

- The concessional BCD of 2.5 per cent on copper scrap is also being continued to ensure the availability of raw materials for secondary copper producers who are mainly in the MSME sector.

- **Compounded Rubber**

- The basic customs duty rate on compounded rubber is being increased from 10 per cent to Rs 25 per cent or Rs 30/kg whichever is lower', at par with that on natural rubber other than latex.

- **Cigarettes**

- National Calamity Contingent Duty (NCCD) on specified cigarettes was last revised three years ago. This is proposed to be revised upwards by about 16 per cent.

V. BUDGET PROPOSALS



DIRECT TAX (INCOME TAX ACT, 1961)

Details on some major changes is indicated below:

S.No	Proposal	Proposed Amendment
1.	Common IT Return Form and improved redressal mechanism	<ul style="list-style-type: none"> ➤ Endeavour to improve Tax Payers Services by making compliance easy and smooth. ➤ Average processing period per return has been reduced from 93 days to 16 days in 8 from FY 13-14 to now. ➤ This further needs improvement and for that a common IT Return Form will also be rolled out. ➤ For tax payers' convenience and making their experience easy and smooth the grievance redressal mechanism will also be strengthened.
2.	MSMEs and Professionals	<ul style="list-style-type: none"> ➤ Micro enterprises with turnover upto Rs 2 crore and certain professionals with turnover upto Rs 50 lakhs can take the benefit of presumptive taxation. ➤ The limits are further enhanced to Rs 3 crore and 75 lakhs respectively, to the tax payers whose cash receipts are no more than 5%. ➤ Deduction for expenditure incurred on payments made to them only when payment is actually made.
3.	Cooperative societies	<ul style="list-style-type: none"> ➤ New co-operatives that commence manufacturing activities till 31.3.2024 shall get the benefit of a lower tax rate of 15 per cent, as is presently available to new manufacturing companies. ➤ Provide an opportunity to sugar co-operatives to claim payments made to sugarcane farmers for the period prior to assessment year 2016-17 as expenditure. This is expected to provide them with a relief of almost Rs 10,000 crore. ➤ Provide a higher limit of Rs 2 lakh per member for cash deposits to and loans in cash by Primary Agricultural Co-operative Societies (PACS) and Primary Co-operative Agriculture and Rural Development Banks (PCARDBs). ➤ Similarly, a higher limit of Rs 3 crore for TDS on cash withdrawal is being provided to co-operative societies.
4.	Start-ups	<ul style="list-style-type: none"> ➤ Extend the date of incorporation for income tax benefits to start-ups from 31.03.23 to 31.3.24.

		<ul style="list-style-type: none"> ➤ Provide the benefit of carry forward of losses on change of shareholding of start-ups from seven years of incorporation to ten years. 												
5.	Appeals	<ul style="list-style-type: none"> ➤ To reduce the pendency of appeals at Commissioner level, it is proposed to deploy about 100 Joint Commissioners for disposal of small appeals. ➤ Be more selective in taking up cases for scrutiny of returns already received this year. 												
6.	Better targeting of tax concessions	<ul style="list-style-type: none"> ➤ Cap deduction from capital gains on investment in residential house under sections 54 and 54F to Rs 10 crore. ➤ Limit income tax exemption from proceeds of insurance policies with very high value. 												
7.	Other Major Proposals	<ul style="list-style-type: none"> ➤ Extension of period of tax benefits to funds relocating to IFSC, GIFT City till 31.03.2025; ➤ Decriminalization under section 276A of the Income Tax Act; ➤ Allowing carry forward of losses on strategic disinvestment including that of IDBI Bank. ➤ Providing EEE status to Agniveer Fund. 												
8.	Personal Income Tax	<ul style="list-style-type: none"> ➤ Increase the rebate limit to Rs 7 lakh in the new tax regime. Thus, persons in the new tax regime, with income up to Rs 7 lakh will not have to pay any tax. ➤ In the year 2020, the new personal income tax regime with six income slabs starting from Rs 2.5 lakh was proposed. Now, a change in the tax structure in this regime is proposed to reduce the number of slabs to five and increasing the tax exemption limit to Rs 3 lakh. The new tax rates are: <table border="1"> <tr> <td>Rs 0-3 lakh</td> <td>Nil</td> </tr> <tr> <td>Rs 3-6 lakh</td> <td>5 per cent</td> </tr> <tr> <td>Rs 6-9 lakh</td> <td>10 per cent</td> </tr> <tr> <td>Rs 9-12 lakh</td> <td>15 per cent</td> </tr> <tr> <td>Rs 12-15 lakh</td> <td>20 per cent</td> </tr> <tr> <td>Above Rs 15 lakh</td> <td>30 per cent</td> </tr> </table> <p>The limit of Rs 3 lakh for tax exemption on leave encashment on retirement of non-government salaried employees was last fixed in the year 2002, when the highest basic pay in the government was Rs 30,000/-p.m. In line with the increase in government salaries, and now it is proposed to increase this limit to Rs 25 lakh.</p>	Rs 0-3 lakh	Nil	Rs 3-6 lakh	5 per cent	Rs 6-9 lakh	10 per cent	Rs 9-12 lakh	15 per cent	Rs 12-15 lakh	20 per cent	Above Rs 15 lakh	30 per cent
Rs 0-3 lakh	Nil													
Rs 3-6 lakh	5 per cent													
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Rs 9-12 lakh	15 per cent													
Rs 12-15 lakh	20 per cent													
Above Rs 15 lakh	30 per cent													
9.	Change of new tax regime as the default tax	<ul style="list-style-type: none"> ➤ The new tax regime for Individual and HUF, introduced by the Finance Act 2020, is now proposed to be the default regime. 												

	regime	<ul style="list-style-type: none"> ➤ This regime would also become the default regime for AOP (other than co-operative), BOI and AJP. ➤ Any individual, HUF, AOP (other than co-operative), BOI or AJP not willing to be taxed under this new regime can opt to be taxed under the old regime.
10.	Standard Deduction	<ul style="list-style-type: none"> ➤ Standard deduction of Rs 50,000 to salaried individual, and deduction from family pension up to Rs 15,000, is currently allowed only under the old regime. It is proposed to allow these two deductions under the new regime also.
11.	Surcharge	<ul style="list-style-type: none"> ➤ The highest tax rate in our country currently is 42.74 per cent. This is among the highest in the world. Now it is proposed to reduce the highest surcharge rate from 37 per cent to 25 per cent in the new tax regime. This would result in reduction of the maximum tax rate to 39 per cent. ➤ All the surcharge rates for other limits are unchanged.
12.	Agniveer Scheme, 2022	<ul style="list-style-type: none"> ➤ The payment received from the Agniveer Corpus Fund by the Agniveers enrolled in Agnipath Scheme, 2022 is proposed to be exempt from taxes.
13.	Relief to sugar co-operatives from past demand	<ul style="list-style-type: none"> ➤ It is proposed that for sugar co-operatives, for years prior to A.Y. 2016-17, if any deduction claimed for expenditure made on purchase of sugar has been disallowed, an application may be made to the Assessing Officer, who shall recompute the income of the relevant previous year after allowing such deduction up to the price fixed or approved by the Government for such previous year.
14.	Increasing threshold limit for Co-operatives to withdraw cash without TDS	<ul style="list-style-type: none"> ➤ It is proposed to enable co-operatives to withdraw cash up to Rs 3 crore in a year without being subjected to TDS on such withdrawal.
15.	Penalty for cash loan/transactions against primary co-operatives	<ul style="list-style-type: none"> ➤ It is proposed to amend section 269SS of the Act to provide that where a deposit is accepted by a primary agricultural credit society or a primary co-operative agricultural and rural development bank from its member or a loan is taken from a primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member in cash, no penal consequence would arise, if the amount of such loan or deposit in cash is less than Rs 2 lakh. ➤ Section 269T of the Act is proposed to be amended to provide that where a deposit is repaid by a primary agricultural credit society or a primary cooperative agricultural and rural development bank to its member or such loan is repaid to a

		primary agricultural credit society or a primary co-operative agricultural and rural development bank by its member in cash, no penal consequence shall arise, if the amount of such loan or deposit in cash is less than Rs 2 lakh.
16.	Ease in claiming deduction on amortization of preliminary expenditure	<ul style="list-style-type: none"> ➤ At present for claiming amortization of certain preliminary expenses, the activity is to be carried out either by the assessee or by a concern approved by the Board. In order to ease the process of claiming amortization of these expenses it is proposed to remove the condition of activity in connection with these expenses to be carried out by a concern approved by the Board. Format for reporting of such expenses by the assessee shall be prescribed.
17.	Extending the scope for deduction of tax at source at lower or nil rate	<ul style="list-style-type: none"> ➤ It is proposed to allow a taxpayer to obtain certificate of deduction of tax at source to lower or nil rate on sums on which tax is required to be deducted under section 194LBA of the Act by Business Trusts.
18.	WIDENING & DEEPENING OF TAX BASE AND ANTI AVOIDANCE	<ul style="list-style-type: none"> ➤ It is proposed to extend the deemed income accrual provision relating to sums of money exceeding fifty thousand rupees, received from residents without consideration to a not ordinarily resident with effect from 1st April, 2023. ➤ It is proposed to omit the provision to allow tax exemption to news agencies set up in India solely for collection and distribution of news from the financial year 2023-24. ➤ It is proposed to tax distributed income by business trusts in the hands of a unit holder (other than dividend, interest or rent which is already taxable) on which tax is currently avoided both in the hands of unit holder as well as in the hands of business trust. ➤ It is proposed to withdraw the exemption from TDS currently available on interest payment on listed debentures. ➤ With respect to presumptive schemes for non-residents, it is proposed to disallow carried forward and set off of loss computed as per books of account with presumptive income. ➤ For online games, it is proposed to provide for TDS and taxability on net winnings at the time of withdrawal or at the end of the financial year. Moreover, TDS would be without the threshold of Rs 10,000. For lottery, crossword puzzles games, etc threshold limit Rs 10,000 for TDS shall continue but shall apply to aggregate winnings during a financial year. ➤ The rate of TCS for foreign remittances for education and for medical treatment is proposed to continue to be 5 per cent for remittances in excess of Rs 7 lakh. Similarly, the rate of TCS on foreign remittances for the purpose of education through loan from financial institutions is proposed to continue to be 0.5 per

		<p>cent in excess of Rs 7 lakh. However, for foreign remittances for other purposes under LRS and purchase of overseas tour program, it is proposed to increase the rates of TCS from 5 per cent to 20 per cent.</p> <ul style="list-style-type: none"> ➤ Tax on capital gains can be avoided by investing proceeds of such gains in residential property. This is proposed to be capped at Rs 10 crore. ➤ The income from market linked debentures is proposed to be taxed as short-term capital gains at the applicable rates. ➤ It is proposed to provide for some provisions to minimise risk to revenue due to undervaluation of inventory. ➤ It is proposed to provide that where aggregate of premium for life insurance policies (other than ULIP) issued on or after 1st April, 2023 is above Rs 5 lakh, income from only those policies with aggregate premium up to Rs 5 lakh shall be exempt. This will not affect the tax exemption provided to the amount received on the death of person insured. It will also not affect insurance policies issued till 31st March, 2023. ➤ It is proposed to amend provisions for computing capital gains in case of joint development of property to include the amount received through cheque etc. as consideration. ➤ While interest paid on borrowed capital for acquiring or improving a property can, subject to certain conditions, be claimed as deduction from income, it can also be included in the cost of acquisition or improvement on transfer, thereby reducing capital gains. It is proposed to provide that the cost of acquisition or improvement shall not include the amount of interest claimed earlier as deduction. ➤ There are certain assets like intangible assets or rights for which no consideration has been paid for acquisition and the transfer of which may result in generation of income. Their cost of acquisition is proposed to be defined to be NIL.
19.	RATIONALISATION	<ul style="list-style-type: none"> ➤ The restriction on interest deductibility on interest payment to overseas associated enterprise does not apply to those in the business of banking and insurance. It is proposed to extend this benefit to non-banking financial companies, as may be notified. ➤ TDS on payment of certain income to a non-resident is currently at the rate of 20 per cent, but the tax rate in treaties may be lower. It is proposed to allow the benefit of tax treaty at the time of TDS on such income under section 196A of the Act. ➤ At present the TDS rate on withdrawal of taxable component from Employees' Provident Fund Scheme in non-PAN cases is 30 per cent. It is proposed to reduce it to 20 per cent, as in other

non- PAN cases.

- Sometimes, tax for income of an earlier year is deducted later, while tax thereon has already been paid in the earlier year. Amendment is proposed to facilitate such taxpayers to claim credit of this TDS in the earlier year.
- Higher TDS/TCS rate applies, if the recipient is a non-filer i.e. who has not furnished his return of income of preceding previous year and has aggregate of TDS and TCS of Rs 50,000 or more. It is proposed to exclude a person who is not required to furnish the return of income for such previous year and who is notified by the Central Government in the Official Gazette in this behalf.
- It is proposed to clarify that the amount of advance tax paid is reduced only once for computing the interest payable u/s 234B in the case of an updated return.
- It is proposed to extend taxability of the consideration (share application money/ share premium) for shares exceeding the face value of such shares to all investors including non-residents.
- It is proposed to enable prescription of a uniform methodology for computing the value of perquisite with respect to accommodation provided by employers to their employees.
- It is proposed to provide a time limit for an SEZ unit to bring the proceeds from exports of goods or services into India. The filing of income-tax return is also proposed to be made mandatory for claiming deduction on export income.
- Due to changes in classification of non-banking financial companies by the Reserve Bank of India, it is proposed to make necessary amendments to align such classifications in the Act with the same.
- It is proposed to clarify that for taxability under section 28 of the Act as well for tax deduction at source under section 194R of the Act, the benefit could also be in cash.
- It is proposed to make amendments relating to exemption provided to charitable trusts and institution to provide :-
 - >Clarity on tax treatment on replenishment of corpus and on repayment of loans/borrowings;
 - > treat only 85 per cent of donation made to another trust as application;
 - > omit the redundant provisions related to rolling back of exemption;
 - > combine provisional and regular registration in some cases;
 - > modify the scope of specified violation;
 - > provide for payment of tax on assets if a trust does not apply for exemption after getting provisional exemption and for re-

		<p>exemption after expiry of exemption; -> align of time for furnishing of certain forms; -> clarify that the time provided for furnishing return of income for claiming exemption shall not include the time provided for furnishing updated return.</p> <ul style="list-style-type: none"> ➤ It is proposed to omit certain name-based funds from section 80G of the Act, which provides for deduction of donation to such funds from the income of the donor. ➤ It is proposed to provide that where refund is due to a person, such refund shall be set off against existing demand, and if proceedings for assessment or reassessment are pending in such case, the refund due will be withheld by the Assessing Officer till the date of assessment or reassessment.
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OTHER PROPOSALS

I. LEGISLATIVE CHANGES IN CUSTOMS AND CENTRAL EXCISE:

Major amendments to the Customs Act, 1961 and other legislative amendments pertaining to Customs

S. No.	Amendment	Clause of the Finance Bill, 2023
1.	Section 25 (4A) is being amended to exclude certain categories of conditional customs duty exemptions from the validity period of two years, such as, notifications issued in relation to multilateral or bilateral trade agreements; obligations under international agreements, treaties, conventions including with respect to UN agencies, diplomats, international organizations; privileges of constitutional authorities; schemes under Foreign Trade Policy; Central Government schemes having a validity of more than two years; re-imports, temporary imports, goods imported as gifts or personal baggage; any other duties of Customs under any other law in force including IGST levied under section 3(7) of Customs Tariff Act, 1975 , other than duty of customs levied under section 12 of the Customs Act 1962 .	[123]
2.	Sections 9, 9A, 9C of the Customs Tariff Act are being amended to clarify the intent and scope of these provisions. They are also being validated retrospectively with effect from 1st January 1995. This relates to the Amendments in the provisions relating to Anti-Dumping Duty (ADD), Countervailing Duty (CVD), and Safeguard Measures.	[124]
3.	The First Schedule to the Customs Tariff Act, 1975 is being amended to increase the rates on certain tariff items with effect from 02.02.2023 and also modify the rates on certain other tariff items as part of rate rationalization with effect from date of assent. The First Schedule to the Customs Tariff Act is being proposed to be amended in accordance with HSN 2022 amendments. New tariff lines are also proposed to be created, which will help in better identification of millet-based products, mozzarella cheese, medicinal plants and their parts, certain pesticides, telecom products, synthetic diamonds, cotton, fertilizer grade urea etc. This will also help in trade facilitation by better identification of the above items, getting clarity on availing concessional import duty through various notifications and thus reducing dwell time. These changes shall come into effect from 01.05.2023.	[126(a)] read with Second Schedule [126(b)] read with Third Schedule
4.	The First Schedule to the Customs Tariff Act, 1975 is also being amended to modify the entries with effect from 1 st May, 2023	[126(c)] read with Second Schedule

II. CUSTOM DUTY RATE CHANGES

a. Tariff rate and Basic Customs Duty changes [to be effective from 02.02.2023, unless otherwise specified]

AMENDMENTS					
Tariff Rate Changes					
A.	Increase in Tariff rate (to be effective from 02.02.2023) * [Clause 126(a)] of the Finance Bill, 2023] <i>*Will come into effect immediately through a declaration under Provisional Collection of Taxes Act, 1931</i>			Rate of Duty	
S. No.	Heading, sub-heading tariff item	Commodity	From	To	
		Chemicals			
1.	2902 50 00	Styrene	2%	2.5%	
2.	2903 21 00	Vinyl Chloride Monomer	2%	2.5%	
		Rubber			
3.	4005	Compounded Rubber	10%	25% or Rs. 30per kg., whichever is lower	
		Gems and Jewellery Sector			
4.	7113, 7114	Articles of precious metals	20%	25%	
5.	7117	Imitation Jewellery	20% or Rs. 400 per kg., whichever is higher	25% or Rs. 600 per kg., whichever is higher	
		Electrical Goods			
6.	8414 60 00	Electric Kitchen Chimney	7.5%	15%	
		Automobiles and Toys			
7.	8712 00 10	Bicycles	30%	35%	
8.	9503	Toys and parts of toys (other than parts of electronic toys)	60%	70%	
B.	Tariff rate changes (without any changes to the effective rate of Customs Duty) [Clause 126(b)] of the Finance Bill, 2023] Note: In order to simplify the tax structure, 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 in certain items. These changes need to be read with appropriate changes in AIDC/SWS rates			Rate of Duty	

S. No.	Heading, sub-heading tariff item	Commodity	From	To
1.	4011 30 00	New or retreaded pneumatic tyres, of rubber , of a kind used on aircraft of heading 8802	3%	2.5%
2.	7107 00 00	Base metals clad with silver, not further worked than semi-manufactured	12.5%	10%
3.	7108	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	12.5%	10%
4.	7109 00 00	Base metals or silver, clad with gold, not further worked than semi-manufactured	12.5%	10%
5.	7110 11 10 7110 11 20 7110 19 00 7110 21 00 7110 29 00 7110 41 00 7110 49 00	Platinum, unwrought or in semi-manufactured form, or in powder form	12.5%	10%
6.	7111 00 00	Base metals, silver or gold, clad with platinum, not further worked than semi- manufactured	12.5%	10%
7.	7112	Waste and scrap of precious metal or of metal clad with precious metal; other waste and scrap containing precious metal or precious metal compounds, of a kind used principally for the recovery of precious metal other than goods of heading 8549	12.5%	10%
8.	7118	Coin	12.5%	10%
9.	8802 20 00 8802 30 00 8802 40 00	Aero planes and other aircrafts	3%	2.5%
C.	Tariff rate changes (with changes to the effective rate of Customs Duty) [Clause 126(b)] of the Finance Bill, 2023]		Rate of duty	
1.	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	12.5%	10%

b. Tariff rate and Basic Customs Duty changes [to be effective from 02.02.2023, unless otherwise specified]

A.		Changes in Basic Customs Duty (to be effective from 02.02.2023)		Rates of Duty	
S. No	Chapter, Heading, sub-heading, tariff item	Commodity	From	To	
		Agricultural Products and By Products			
1.	0802 99 00	Pecan nuts	100%	30%	
2.	1504 20	Fish lipid oil for use in manufacture of aquatic feed	30%	15%	
3.	1520 00 00	Crude glycerin for use in manufacture of Epichlorohydrin	7.5%	2.5%	
4.	2102 20 00	Algal Prime (flour) for use in	30%	15%	
5.	2207 20 00	Denatured ethyl alcohol for use in manufacture of industrial chemicals	5%	Nil	
6.	2301 20	Fish meal for use in manufacture of aquatic feed	15%	5%	
7.	2301 20	Krill meal for use in manufacture of aquatic feed	15%	5%	
8.	2309 90 90	Mineral and Vitamin Premixes for use in manufacture of aquatic feed	15%	5%	
		Minerals			
9.	2529 22 00	Acid grade fluorspar (containing by weight more than 97% of calcium fluoride)	5%	2.5%	
		Petrochemicals			
10.	2710 12 21, 2710 12 22, 2710 12 29	Naphtha	1%	2.5%	
		Gems and Jewellery Sector			
11.	7102, 7104	Seeds for use in manufacturing of rough lab-grown diamonds	5%	Nil	
12.	7106	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	7.5%	10%	
13.	7106	Silver Dore	6.1%	10%	

		IT, Electronics		
14.	25, 28, 32, 39, 40, 69, 73, 85	Specified chemicals/items for manufacture of Pre-calcined Ferrite Powder	7.5%	Nil
15.	3824 99 00	Palladium Tetra Amine Sulphate for manufacture of parts of connectors	7.5%	Nil
16.	Any Chapter	Camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone	2.5%	Nil
17.	8529	Specified parts for manufacture of open cell of TV panel	5%	2.5%
		Electronic appliances		
18.	8516 80 00	Heat Coil for use in the manufacture of Electric Kitchen Chimneys	20%	15%
		Automobiles		
19.	8703	Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form .	30%	35%
20.	8703	Vehicle in Completely Built Unit (CBU) form , other than with CIF more than USD 40,000 or with engine capacity more than 3000 cc for petrol- run vehicle and more than 2500 cc for diesel-run vehicles, or with both	60%	70%
21.	8703	Electrically operated Vehicle in Completely Built Unit (CBU) form, other than with CIF value more than USD 40,000	60%	70%
22.	39,40,58,70, 72 73,83,84,85, 87,90	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 conditions	As applicable	Nil
		Capital goods		
23.	84, 85	Specific capital goods/machinery for manufacture of Lithium ion cell for use in battery of electrically operated vehicle (EVs)	As applicable	Nil
B.	Changes in Basic Customs Duty (without any change in the effective rate of Customs Duties i.e., BCD+AIDC+SWS)		Rate of Duty	
	Note: In order to simplify the tax structure, 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			
S. No	Chapter, Heading, sub-heading, tariff item	Commodity	From	To
1	2701, 2702, 2703	Coal, peat, lignite	1%	2.5%
2	7108	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	12.5%	10%
3	7108	Gold Dore	11.85%	10%
4	7110 11 10 7110 11 20 7110 19 00 7110 21 00 7110 29 00 7110 41 00 7110 49 00	Platinum, unwrought or in semi-manufactured form, or in powder form other than those used in manufacture of noble metal compounds, noble metal solutions and catalytic converters	12.5%	10%
C.		Change in end date of exemption (No change in effective rate of duty).	Rate of duty	
S. No	S. No in Notification no 50/2017- Customs	Commodity	From	To
1	368	Ferrous waste and scrap	Nil	Nil (up to 31.03.2024)
2	374, 375	Raw materials for use in manufacture of CRGO steel	Nil	Nil (up to 31.03.2024)
3	527A	Lithium-ion cell for use in the manufacture of battery or battery pack of cellular mobile phone	5%	5% (up to 31.03.2024)
4	527B	Lithium-ion cell for use in the manufacture of battery or battery pack of electrically operated vehicle (EVs) or hybrid motor vehicle	5%	5% (up to 31.03.2024)
5	168	Specified inputs and sub-parts for use	Nil	Nil

		in manufacture of telecommunication grade optical fibre or optical fibre cables		(up to 31.03.2025)
6	341	Preform of silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables	5%	5% (up to 31.03.2025)
7	341A	Inputs for manufacture of Preform of silica	Nil	Nil (up to 31.03.2025)
8	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 (up to 31.03.2024)
9	340	Solar tempered glass for use in the manufacture of solar cell or solar module	Nil	Nil (up to 31.03.2024)
10	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% (up to 31.03.2025)
11.	559	Raw material and parts (including Dredger) for use in the manufacture of ships/vessels	Nil	Nil (up to 31.03.2025)
12	166	Specified Drugs, medicines, diagnostics kits or equipment, bulk drugs used in manufacture of drugs or medicines	5%	5% (up to 31.03.2025)
13	167	Lifesaving drugs/ medicines and diagnostic test kits, bulk drugs used in manufacture of life-saving drugs or medicines	Nil	Nil (up to 31.03.2025)

c. Tariff rate and Basic Customs Duty changes [to be effective from 02.02.2023, unless otherwise specified]

i. Review of conditional exemption rates of BCD prescribed in notification No. 50/2017 – customs dated 30.6.2017:

The BCD exemption for the goods covered under following serial numbers of the notification are being extended for a period of one year i.e. upto 31st March 2024, unless specified otherwise.

S. No.	S. No. of Notfn	Description
Extension upto 31.03.2024		
1.	90	Lactose for use in the 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 Fertilisers
5.	155	Excess Liquefied petroleum gases (LPG) returned by DTA unit to SEZunit
6.	164	Electrical energy supplied to DTA by power plants of 1000MW or above
7.	165	Electrical energy supplied to DTA by 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
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 etc (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)

S. No.	S. No. of Notfn	Description
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, aeroclubetc.
28.	333	Moulds, tools and dies for manufacture of parts of electronic components / equipment
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 heading8546
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
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 ofsimilar worn out dies exported out for repairs
39.	415	Parts/inputs for manufacture of catalytic convertors or its parts
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 catalyticconvertors
46.	421	Goods required for basic telephone /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

S. No.	S. No. of Notfn	Description
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
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 lamps
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; telephoto 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 and Components of Digital Still Image Video Cameras
69.	509	Parts, components and accessories for manufacture of Digital Video Recorder /Network Video Recorder (NVR) falling under 85219090 and sub-parts for manufacture of these items

S. No.	S. No. of Notfn	Description
70.	510	Parts, components and accessories for use in manufacture of reception apparatus for television and sub-parts for manufacture of these items
71.	511	Parts, components and accessories for manufacture of CCTV Camera /IP camera and sub-parts for manufacture of these items
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 used in manufacture of battery or battery pack of items other than cellular mobile phone, electrically operated vehicle 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 (except unmanned aircraft used as television camera, digital camera or video camera recorder) or its parts
81.	535A	Components or parts of aircraft for manufacture of aircraft (except unmanned aircraft used as television camera, digital camera or video camera recorder) 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 (except unmanned aircraft used as television camera, digital camera or video camera recorder) 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, apparatus etc required 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
90.	544	Parts (other than rubber tubes) of aircraft of heading 8802 for operating scheduled air transport/air cargo services

S. No.	S. No. of Notfn	Description
91.	546	Parts (other than rubber tubes) of aircraft of heading 8802 for non-scheduled passenger/charter services, aero club, training purpose 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 such as 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, Hayness alloy-25 and polypropylene mesh required for manufacture of coronary stents / coronary stent system and artificial heart 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 manufacture of Cochlear Implants
107.	579	Survey (DGPS) instruments, 3D 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

S. No.	S. No. of Notfn	Description
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 to for complete description.

The BCD exemption for the goods covered under following serial number of the notification no 50/2017-Customs is being extended for a period of five years i.e. **upto 31st March 2028**.

S.No.	S. No. of Notfn.	Subject
1.	609	Used bonafide personal and household effects of a deceased person

ii. Review of exemptions prescribed by other notifications:

a) The BCD exemptions for the goods covered under following notifications are being extended for a period of one year i.e. upto 31st March 2024.

S. No.	Notification No.	Subject
1	16-Customs dated 23.1.65	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 purpose or research and education programme.

S. No.	Notification No.	Subject
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 publicly 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 Special 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

b) The BCD exemptions for the goods covered under following notifications are being extended for a period of five years i.e. upto 31st March 2028.

S. No.	Notification No.	Subject
1	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.
2	33/2017-Customs	Exemption to import of challenge cups and trophies won by a unit of Defence Force or its members.
3	146/94-Customs	Exemption to imports by specified sports goods imported by National Sports Federation or by a Sports person of outstanding eminence for training.
4	90/2009-Customs	Exemption to imports from Antarctica of goods used for or related to Indian Antarctic Expedition or Indian Polar Science Programme.

d. Customs duty exemptions / concessions being discontinued

Certain BCD exemptions under notification No. 50/2017-Customs dated 30.6.2017 and other notification are being discontinued with effect from 31.03.2023. **The following are being discontinued as they are redundant :**

S. No.	S. No. of Notfn	Description
1.	S. No. 16 of 50/2017-Customs	This exemption entry pertaining to 'Human Embryo' is being withdrawn as it is redundant on account of prohibition of import of Human Embryo under the Assisted Reproductive Technology (Regulation) Act, 2021 and The Surrogacy (Regulation) Act, 2021. [notification No. 22/2015-20 dated 20 th July, 2022 of DGFT refers]
2.	S. No. 325 of 50/2017-Customs	This exemption entry pertaining to 'Monofilament Yarn' is being withdrawn as tariff rate is also at 5% and hence redundant
3.	48/2017-Customs	Exemption to catering cabin equipment, food and drinks on re-importation by aircrafts of the <i>Indian Airlines Corporation</i> from foreign flights is being withdrawn.

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e. Changes to Social Welfare Cess

A.	AMENDMENT TO NOTIFICATION NO. 11/2018 – CUSTOMS, DATED 02.02.2018 (w.e.f. 02.02.2023)
S. No.	Description
	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 in 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 notification No. 50/2017-Customs, dated the 30 th June, 2017, published in the Gazette of India vide number G.S.R. 785(E), dated the 30 th June, 2017.
4.	All goods falling under HSN 7114, other than the goods covered under S. Nos. 356 and 357 of the Table in 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 th 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 in Notification No. 50/2017-Customs dated the 30th June, 2017
B.	RESCINDING OF NOTIFICATION RELATING TO SWS These notifications are being rescinded on account of being redundant due to basic customs duty rate structure rationalization:
1	No. 13/2021-Customs, dated the 1 st 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 st February, 2021
2	No. 34/2022-Customs, dated the 30 th 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 th June, 2022

f. Changes to Agriculture Infrastructure and Development Cess (AIDC)

Notification No. 11/2021 – Customs, dated 01.02.2021 is being amended to revise the AIDCrates on the following goods (w.e.f. 02.02.2023):						
A.		AIDC rate changes (with changes to the effective rate of Customs Duty)			Rate of Duty	
S. No	Chapter, Heading, sub-heading, tariff item	Commodity	From	To		
1	7106,98	Silver (including silver plated with gold or platinum), unwrought or in semi- manufactured forms, or in powder form	2.5%	5%		
2	71	Silver Dore	2.5%	4.35%		
B.		Changes to AIDC (without any change to the effective rate of Customs Duty)			Rate of Duty	
S. No	Chapter, Heading, sub-heading, tariff item	Commodity	From	To		
1.	2701, 2702, 2703	Coal, peat, lignite	1.5%	Nil		
2.	40113000	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.	7108 or 98	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	2.5%	5%		
4.	71	Gold Dore	2.5%	4.35 %		
5.	7110	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.	8802 20 00 8802 30 00 8802 40 00	Aero planes and other aircraft covered under S.No. 543A of Notification No.50/2017-Cus	Nil	0.5%		

II. LEGISLATIVE CHANGES IN CENTRAL EXCISE:

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 as detailed below:[Clause 153 read with Sixth Schedule of the Finance Bill, 2023]

Tariff item	Description	Unit	NCCD Rates (in Rs. per thousand)	
			From	To
(1)	(2)	(3)	(4)	(5)
2402 20 10	Other than filter cigarettes, of length not exceeding 65 millimetres	Tu	200	230
2402 20 20	Other than filter cigarettes, of length exceeding 65 millimetres but not exceeding 70 millimetres	Tu	250	290
2402 20 30	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) not exceeding 65 millimetres	Tu	440	510
2402 20 40	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 65 millimetres but not exceeding 70 millimetres	Tu	440	510
2402 20 50	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 70 millimetres but not exceeding 75 millimetres	Tu	545	630

Further, Notification No. 05/2023-Central Excise dated 01.02.2023 is being issued to exempt excise duty 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 subject to the specified conditions.

III.

LEGISLATIVE CHANGES IN GOODS & SERVICES TAX:

Summary of Major Changes

S. No.	Amendment	Clause of the Finance Bill, 2023
1.	<p>Section 132 and section 138 of CGST Act are being amended, inter alia, to -</p> <ul style="list-style-type: none"> • raise the minimum threshold of tax amount for launching prosecution under GST from Rs one crore to Rs two crore, except for the offence of issuance of invoices without supply of goods or services or both; • reduce the compounding amount from the present range of 50 per cent to 150 per cent of tax amount to the range of 25 per cent to 100 per cent; • decriminalize certain offences specified under clause (g),(j) and (k) of sub-section (1) of section 132 of CGST Act, 2017, viz.- <ul style="list-style-type: none"> ○ obstruction or preventing any officer in discharge of his duties; ○ deliberate tempering of material evidence; ○ failure to supply the information. 	[139] & [140]
2.	Amendments are being made in section 10 and section 122 of the CGST Act to enable unregistered suppliers and composition taxpayers to make intra-state supply of goods through Ecommerce Operators (ECOs), subject to certain conditions.	[128] & [140]
3.	Paras 7, 8 (a) and 8 (b) were inserted in Schedule III of CGST Act, 2017 with effect from 01.02.2019 to keep certain transactions/ activities, such as supplies of goods from a place outside the taxable territory to another place outside the taxable territory, high sea sales and supply of warehoused goods before their home clearance, outside the purview of GST. In order to remove the doubts and ambiguities regarding taxability of such transactions/ activities during the period 01.07.2017 to 31.01.2019, provisions are being incorporated to make the said paras effective from 01.07.2017. However, no refund of tax paid shall be available in cases where any tax has already been paid in respect of such transactions/ activities during the period 01.07.2017 to 31.01.2019.	[142]
4.	Section 37 of the CGST Act is being amended so as to: (i) provide for prescribing conditions and restrictions for furnishing the details of outward supply and for communication of the details of such outward supplies to concerned recipients;	[102]

	(ii) do away with two-way communication process in return filing; (iii) provide for an extended time upto thirtieth day of November of the following financial year for rectification of errors in respect of details of outward supplies furnished under sub-section (1); (iv) provide for tax period-wise sequential filing of details of outward supplies under sub-section (1).	
5.	Sections 37, 39, 44 and 52 of CGST Act, 2017 are being amended to restrict filing of returns/ statements to a maximum period of three years from the due date of filing of the relevant return / statement.	[132], [133], [134] & [135]
6.	Section 17(5) of CGST Act is being amended 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.	[130]
7.	A new section 158A in CGST Act is being inserted to enable sharing of the information furnished by the registered person in his return or application of registration or statement of outward supplies, or the details uploaded by him for generation of electronic invoice or E-way bill or any other details on the common portal, with other systems in a manner to be prescribed	[141]
8.	Clause (16) of section 2 of IGST Act is amended to revise the definition of "non-taxable online recipient" by removing the condition of receipt of online information and database access or retrieval services 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.	[143]
9.	Clause (17) of section 2 of IGST Act is being amended to revise the definition of "online information and database access or retrieval services" to remove the condition of rendering of the said supply being essentially automated and involving minimal human intervention.	[143]
10.	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	[144]

VI. INCOME TAX RATES



INCOME TAX RATES

There are some very important changes in the in Income Tax Rates compared to previous years. The new tax regime is now the default regime, though the old tax regime can be opted by the interested parties. The rates are indicated below:

-For Individuals, HUF, AOP and BOI (Option-1 Old Rates)

Total Income	Tax Rates (e)
Up to Rs. 250,000 (Subject to rebate specified below)	NIL**
Rs. 250,001 to Rs. 500,000 (Subject to rebate specified below)	5%**
Rs. 500,001 to Rs. 1,000,000	20%
Rs. 1,000,001 and above	30%

***Rebate from tax of upto Rs. 12,500 or 100 per cent of the tax whichever is less available for a resident individual whose total income upto Rs. 500,000*

-For Individuals, HUF, AOP and BOI (Option-2 New Rates)

Total Income	Tax Rates (e)
Up to Rs. 3,00,000 (Subject to rebate specified below)	NIL**
Rs. 3,00,001 to Rs. 6,00,000 (Subject to rebate specified below)	5%**
Rs. 6,00,001 to Rs. 9,00,000 (Subject to rebate specified below)	10%
Rs. 9,00,001 to Rs. 12,00,000	15%
Rs. 12,00,001 to Rs 15,00,000	20%
Rs. 15,00,001 and above	30%

***Rebate from tax of upto Rs. 25,000 or 100 per cent of the tax whichever is less available for a resident individual whose total income upto Rs. 7,00,000*

Note: The benefits and deductions as available under the old regime shall not be available in case a tax payer opts for the new system.

Except the standard deduction of Rs 50,000 to salaried individual, and deduction from family pension up to Rs 15,000, which were previously allowed under old regime are now allowed under new scheme.

Note:

- For a resident individual aged between sixty and eighty, the basic exemption limit is Rs. 300,000
- For a resident individual aged eighty or above, the basic exemption limit is Rs. 500,000
- Surcharge is as per the below:

Total Income	Rates of Surcharge
Rs. 50 Lakhs to Rs. 1 Crores	10%
Rs. 1 Crores to Rs. 2 Crores	15%
Rs. 2 Crores to Rs. 5 Crores	25%
Rs. 5 Crores and above	37%**

**Marginal relief available as per applicability*

***Under the new regime, the rate 37% is reduced to 25%.*

- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).

-For Local Authorities

- Local Authorities are taxable at 30 per cent.
- 12 per cent surcharge is applicable if the total income exceeds Rs. 10,000,000. Marginal relief is available.
- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).

Note: - Any income arising to a body or authority or board or trust or commission, (not being a company) which has been established or constituted by or under a Central or State Act with the purposes of satisfying the need for housing or for planning, development or improvement of cities, towns and villages or for regulating any activity or matter, irrespective of whether it is carrying out commercial activity.

-For Firms (Including LLPs)

- Firms are taxable at 30 per cent.
- 12 per cent surcharge is applicable if the total income exceeds Rs.10,000,000. Marginal relief is available.
- 4 per cent Education and Health Cess applicable on income-tax (inclusive of surcharge, if any).

-For Domestic Companies

- Domestic companies are taxable at 30 per cent.
- 7 per cent surcharge is applicable if the total income exceeds Rs.10,000,000 but does not exceed Rs.100,000,000. Marginal relief is available.
- 12 per cent surcharge is applicable if the total income exceeds Rs. 100,000,000. Marginal relief is available.
- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).
- New Domestic companies engaged in manufacturing activities are eligible for 15% income tax
- Further, Domestic companies shall also have the option of using 22% income tax subject to certain conditions wherein certain benefits such as MAT Credit etc are not allowed.

-For Foreign Companies

- Foreign companies are taxable at 40 per cent.
- 2 per cent surcharge is applicable if the total income exceeds Rs. 10,000,000 but does not exceed Rs. 100,000,000. Marginal relief is available
- 5 per cent surcharge is applicable if the total income exceeds Rs.100,000,000. Marginal relief is available
- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).

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-For Cooperative Societies

Total Income	Tax Rates (e)
Up to Rs. 10,000	10%
Rs. 10,000 to Rs. 20,000	Rs. 1,000 plus 20% of the amount in excess of 10,000
More than Rs. 20,000	Rs. 3,000 plus 30% of the amount in excess of 20,000

- 12 per cent surcharge is applicable if the total income exceeds Rs. 100,000,000. Marginal relief is available.
- 4 per cent Education and Health Cess is applicable on income-tax (inclusive of surcharge, if any).
- a new co-operative society which do not avail of any specified incentive or deduction, is allowed an option to pay tax at a concessional rate of 15 per cent similar to what is available to new manufacturing companies.



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