

ANALYSIS OF INDIAN UNION BUDGET 2012-13

CUSTOM - TARIFF (Custom Tariff Act, 1975)

GENERAL PROPOSALS

1. Enhancement in the rate of basic customs duty on bicycles from 10% to 30% and on parts of bicycles from 10% to 20%.
2. The method of computation of Education Cess and Secondary & Higher Education cess on imported goods is being simplified. Currently, these cesses are first charged on the CVD portion of customs duty and thereafter on the aggregate of customs duties (excluding special CVD). The portion of cesses leviable on the CVD portion of customs duty is being exempted so as to avoid computation of such cesses twice.
3. The duty-free allowance under the Baggage Rules is being increased from Rs.25000 to Rs.35000 for adult passengers of Indian origin and from Rs.10,000 to Rs. 15,000 for children upto 10 years of age.

PROPOSAL INVOLVING CHANGES IN RATES OF DUTY

I. AGRICULTURE/AGRO PROCESSING/PLANTATION SECTOR:

1. Basic customs duty on sugarcane planter, root or tuber crop harvesting machine and rotary tiller & weeder, parts & components for their manufacture is being reduced from 7.5% to 2.5%.
2. At present, project import status is available to installation of Mechanized Handling Systems & Pallet Racking Systems in mandis or warehouses for food grains and sugar, with concessional rate of basic customs duty of 5%. Such systems are also exempt from additional duty of customs (CVD) and special additional duty of customs (SAD). The same dispensation [i.e. 5% BCD + Nil CVD + Nil SAD] is also being extended to such systems for horticultural produce.

3. Project imports status is being granted to the green houses set up for protected cultivation of horticulture and floriculture produce. As such, these projects would attract concessional rate of basic customs duty of 5%.
4. Basic customs duty is being reduced from 10%/7.5% to 5% on specified coffee plantation and processing machinery. The concessional duty would be available upto 31.3.2014.
5. Basic customs duty is being reduced from 10% to 5% on coffee brewing and vending machines (commercial type). The concessional duty would be available upto 31.3.2014. Basic customs duty is also being reduced to 2.5% on parts required for manufacture of such coffee vending and brewing machines.
6. Basic customs duty is being reduced on specified soluble fertilizers and liquid fertilizers, other than urea, from 7.5% to 5% and from 5% to 2.5% respectively.

II. AUTOMOBILES:

1. Basic customs duty on Completely Built Units (CBUs) of large cars/ MUVs/ SUVs permitted for import without type approval (value exceeding US\$40,000 and engine capacity exceeding 3000cc for petrol and 2500cc for diesel) is being increased from 60% to 75%.

III. METALS:

1. Basic customs duty on coating material for manufacture of electrical steel is being reduced from 10% to 5% subject to actual user condition.
2. Basic customs duty on ammonium meta-vanadate used in the manufacture of ferro-vanadium is being reduced from 7.5% to 2.5%.
3. Nickel oxide/ hydroxide and nickel ore/ concentrate are being fully exempted from basic customs duty.
4. Exemption from SAD currently available to CRGO steel is being restricted to prime quality of such steel.
5. Basic customs duty on flat rolled products (HR and CR) of non-alloy steel is being increased from 5% to 7.5%.

IV. PRECIOUS METALS:

1. Basic customs duty on standard gold bars and platinum bars is being increased from 2% to 4%.
2. Basic customs duty on non-standard gold is being increased from 5% to 10%.
3. Basic customs duty on gold ore for refining is being increased from 1% to 2%.
4. Basic customs duty of 2% is being imposed on cut and polished coloured gemstones.

V. CAPITAL GOODS/INFRASTRUCTURE:

1. Basic customs duty on capital goods, plant and equipment imported for setting up or substantial expansion of iron ore pellet plants or iron ore beneficiation plants is being reduced from 7.5% to 2.5%.
2. Full exemption from basic customs duty is being provided to initial setting up and substantial expansion of fertilizer projects. The exemption would be valid till 31.03.2015.
3. Steam coal is being fully exempted from basic customs duty. CVD is also being reduced from 5% to 1% on such coal. This dispensation would be valid upto 31.3.2014.
4. Natural gas/Liquified Natural Gas imported for power generation by a power generation company is being fully exempted from basic customs duty.
5. Full exemption from basic customs duty is being provided to uranium concentrate, sintered natural uranium dioxide, sintered uranium dioxide pellets for generation of nuclear power.
6. Full exemption from basic customs duty, CVD and SAD is being extended to equipment imported for road construction projects awarded by Metropolitan Development Authorities.
7. Full exemption from basic customs duty and CVD at present available to tunnel boring machines for hydel and road projects is being extended to all infrastructure projects. The exemption shall also be available for parts required for assembly of such machines.
8. At present, full exemption from basic customs duty and CVD is available to specified road construction equipment. This exemption is now being extended to tunnel excavation and specified lining equipment also.

9. Full exemption from basic customs duty is being extended to coal mining projects.
10. At present machinery and instruments for surveying and prospecting of mines attract basic customs duty of 10% and 7.5% respectively. These rates are being reduced and unified at 2.5%.
11. Basic customs duty on Railway safety (Train Protection and Warning System) equipment and railway track laying machines is being reduced from 10% to 7.5%

VI. AIRCRAFTS & SHIPS:

1. Full exemption from basic customs duty and CVD is being provided to new and retreaded aircraft tyres.
2. Full exemption from basic customs duty and CVD is being extended to parts of aircraft and testing equipment for maintenance and repair of aircraft imported by third-party Maintenance, Repair and Overhaul (MRO) units.
3. CVD on foreign-going vessels on conversion for coastal trade shall now be charged on proportionate basis depending on the period for which it operates as a coastal vessel in India. The value shall be taken as the lease value when the import is against a lease agreement/ contract.

VII. ENVIRONMENT PROTECTION:

1. Equipments for setting up of solar thermal projects are being fully exempted from SAD.
2. Concessional rate of 5% basic customs duty is being extended to raw materials for the manufacture of intermediates, parts and sub-parts of blades for rotors for wind energy generators.
3. Full exemption from basic customs duty is being extended to tri band phosphor for use in the manufacture of Compact Fluorescent Lamps.
4. At present, full exemption from basic customs duty and SAD alongwith 6% CVD is available to specified parts for the manufacture of hybrid vehicles. This dispensation is now being extended to some additional parts for the manufacture of such vehicles.

5. The customs duty regime of Nil basic customs duty alongwith Nil SAD and 6% CVD is being extended to lithium ion batteries for the manufacture of battery packs for supply to electric or hybrid vehicle manufacturers.

VIII. HEALTH:

1. Basic customs duty is being reduced from 5% to 2.5% on iodine.
2. Basic customs duty is being reduced on isolated soya protein and soya protein concentrate from 15% and 30% respectively to 10%.
3. Basic customs duty is being reduced from 10% to 5% on probiotics.
4. Customs duty on six specified life saving drugs/vaccines and their bulk drugs is being reduced from 10% to 5% with Nil CVD (by way of excise duty exemption).
5. A concessional import duty regime of 2.5% basic customs duty with 6% CVD and Nil SAD is being prescribed for specified raw materials for the manufacture of syringes, needles, catheters, cannulae subject to actual user condition.
6. A concessional import duty regime of 2.5% basic customs duty with 6% CVD and Nil SAD is also being extended to parts and components for the manufacture of blood pressure monitors and blood glucose monitoring systems (Gluco-meters).
7. Full exemption from basic customs duty and CVD is being extended on steel tube & wire, cobalt chromium tube, Hayness Alloy-25 and polypropylene mesh for the manufacture of coronary stents/coronary stent systems and artificial heart valves subject to actual user condition.

IX. TEXTILES:

1. Basic customs duty on shuttleless looms, alongwith parts and components for their manufacture, is being reduced from 5% to Nil. The exemption would apply only to new machinery.
2. Basic customs duty on automatic silk-reeling and processing machinery and raw silk testing equipments is being reduced from 5% to Nil. The exemption would apply only to new machinery.

3. The concessional rate of basic customs duty of 5% is being restricted only to new textiles machinery. Consequently, second hand machinery would now attract basic customs duty of 7.5%.
4. Basic customs duty on wool waste and wool tops is being reduced from 10% and 15% respectively to 5%.
5. Basic customs duty on titanium dioxide is being reduced from 10% to 7.5%.
6. Full exemption from basic customs duty is being extended to aramid yarn and fabric when used in the manufacture of bullet proof helmets for supply to defence and police.

X. ELECTRONICS/HARDWARE:

1. Full exemption from basic customs duty is being provided to LCD and LED TV panels of 20 inches and above.
2. LEDs required for the manufacture of LED lamps are also being exempted from SAD.
3. The scope of full exemption from basic customs duty, CVD and SAD presently available to parts, components and accessories for manufacture of mobile handsets including cellular phones is being amplified to include parts of memory cards. The validity of the exemption from SAD is also being extended from 31.03.2012 to 31.03.2013.
4. Full exemption from basic customs duty currently available to copper, brass and phosphor bronze strips and similar items imported for the manufacture of connectors is being withdrawn.
5. Full exemption from basic customs duty currently available to poly-laminated aluminium tape and poly-laminated steel tape presently exempt if imported for the manufacture of cables and conductors for telecom use is also being withdrawn.

XI. EXPORT PROMOTION:

1. Basic customs duty is being reduced from 10% to 5% on Marine seawater pumps with fibre impellers and Automatic fish/prawn feeders for aquaculture.

2. Basic customs duty on artemia is being reduced from 30% to 5%.

XII. PAPER:

Waste paper is being fully exempted from basic customs duty.

XIII. SPECIAL ADDITIONAL DUTY OF CUSTOMS:

Brass scrap, timber logs and dredgers are being fully exempted from SAD.

XIV. MISCELLANEOUS:

1. A basic customs duty of 10% is being imposed on Digital Still Cameras of certain specifications.
2. Basic customs duty on boric acid is being increased from 5% to 7.5%.
3. Basic customs duty on boiler quality tubes and pipes for the manufacture of boilers is being reduced from 10% to 7.5% subject to end use condition.
4. A concessional customs duty dispensation of 5% basic customs duty + 6% CVD+ Nil SAD is being prescribed for imports of hydrophilic non-woven, hydrophobic non-woven and super absorbent polymer for manufacture of adult diapers subject to actual user condition.
5. Enhancement of the length of the lowest slab of both filter and non-filter cigarettes of length not exceeding 60 millimetres or exceeding 60 millimetres to length exceeding 65 millimetres or not exceeding 65 millimetres respectively.

Note: - All the above amendments shall be effective from immediate effect,

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