

# HIGHLIGHTS OF UNION BUDGET 2022-2023 - CHANGES IN CUSTOMS



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The Finance Bill 2022, have proposed various changes in Customs Act, Customs Tariff Rates & Customs Rules. The gists of proposed changes are incorporated in the Finance Bill, 2022 summarized as under:

## Important Changes in Customs

- Review of Customs duty exemptions and tariff simplification, about 350 exemptions proposed to be gradually withdrawn.
- As a simplification measure, several concessional rates are being incorporated in the Customs Tariff Schedule itself instead of prescribing them through multiple exemption notifications.
- Review of concessional rates of Customs duty exemptions on capital goods and project imports, more than 40 exemptions relating thereto are proposed to be gradually phased out.
- SEZ Act to be replaced with new legislation, changes in Customs administration of SEZ.
- SEZ will be IT driven to function on the “Customs National Portal” which shall be implemented from 30<sup>th</sup> September’2022.
- Certain exemptions are being introduced for duty free import of specified goods by bonafide exporter of items like handicraft, apparel, leather goods. The value added export goods shall be exported in six months and exporter shall follow IGCR Rules.
- Custom tariff structure is being simplified by moving the unconditional concessional rates from existing exemption notifications to the First Schedule of Customs Tariff Act.
- Sunset dates for conditional exemption notifications in respect of conditional exemption entries in respective notifications.
- Graded import duty rate structure is being notified to operationalise Phased Manufacturing Plan for wearables, hearables and smart meters.
- Significant legislative changes in the Customs Act are being made, particularly as regards to specifying class of officers and assignment of function and jurisdiction



of the proper officers.

- Revised IGCR Rules is being notified to make the entire process digital and transparent.

### Important changes in Customs Tariff Act, 1975:

- (i) **Customs duty rate changes:** The change in the rates of duty, tariff rates, omission of certain exemption and amendments in certain exemptions, conditions to exemptions, clarifications relating to applicability of SWS etc.
- (ii) **Tariff Changes:** Simplification of tariff structure. Unconditional concessional rates prescribed through various notifications are being moved to Tariff (First) Schedule in the Customs Tariff Act.

#### Legislative changes :

- a) Certain significant changes are being made in the Customs Act. The definition of 'proper officer' is being modified; officers of DRI, Audit and Preventive formation are being specifically included in the class of officers of Customs; explicit provision is being made for assigning functions to officer of Customs by the Board or Pr. Commissioner/Commissioner of Customs; concurrent jurisdiction is being provided for in certain circumstance, as the Board may specify; explicit provision is being made to delineate jurisdiction on cases involving short levy/payment of duty or erroneous refund etc. and to provide for concurrent exercise of powers.
- b) In a major trade facilitation measure the Import of Goods Concessional Rate of Duty (IGCR) Rules, 2017 have been comprehensively revised.

### Changes in the Customs Rules

Customs (Import of Goods at Concessional Rate of Duty) Rules, 2022 ("the IGCR Rules") are being amended to provide the following facilities:

- (a) Importers would need to generate a 'import of Goods at Concessional Rate Identification Number or IIN from common portal of Customs.

- (b) IIN would need to be mention on each Bill of Entry.
- (c) Importers would submit all the necessary details electronically, through a common portal by 10<sup>th</sup> day of the following month.
- (d) Standardizing and notifying the various forms in which details are to be submitted electronically.
- (e) Leveraging the advantage of such submissions electronically, the need for any transaction based permissions and intimations are all being done away with.
- (f) Consequently, the procedure to claim the notification benefit is being simplified and automated.
- (g) An option for voluntary payment of the necessary duties and interest, through the Common Portal is being provided to the importer.
- (h) Requirement of permission withdrawn for re-export or domestic disposal of unutilized or defective goods on payment of duty and interest.
- (i) Disposal of goods after utilisation allowed on payment of duty and interest on value depreciated as per schedule given in IGR.
- (j) Advance Ruling Application under the Customs laws can be withdrawn by applicant at any time before pronouncement of Ruling by the Advance Ruling Authority.
- (k) The effective of Advance Ruling under the Customs laws is limited to three years.

### Duty concessions on imported by bonafide exporters.

A scheme is being introduced for bonafide exporters on duty-free imports for the purpose of use in goods meant for export, based on end-use monitoring subject to the requirement of exporting value added products manufactured using inputs imported under specified exemptions, within a period of 6 months. Importer shall be required to follow the procedure under the IGCR Rule. ●