

Changes in Custom Duty Rate For Electricals and Electronic /IT products after Union Budget 2023-24



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- Electronics/ IT industry has grown at a rapid pace in India, in line with the global trends. It is almost impossible to imagine daily life, and business in usual without Electronics/IT involvement.
- As part of Budget 2023 announcements, the objectives for India's manufacturing electronics and electronic components have been laid down.
- Technology driven and knowledge based economy is vision of Amrit Kaal.
- Customs rates calibrated to provide a graded rate structure to facilitate domestic manufacturing of products like mobile phones, TV, Chimneys etc

➤Duty concessions are given to parts of transformers, mobile phone chargers, camera lenses of mobile camera modules and other such items and components.

➤To further promote the 5G services in India, the union budget 2023-24 has decided to set up one hundred labs for developing applications using 5G services to help realizing a new range of opportunities, business models, and employment potential. Moreover, the labs will cover, among others, applications such as smart classrooms, precision farming, intelligent transport systems, and health care applications.

➤ Further, to steer the economy on the sustainable development path, Battery Energy Storage Systems with a capacity of 4,000 MWH will be supported with Viability Gap Funding. Meanwhile, a detailed framework for Pumped Storage Projects will also be formulated.

Impact on Electronics Sector after Union Budget 2023-24

- 1. Government's proposed Customs Duty changes on components of Mobile Phone chargers, camera lens of mobile phones and other parts of electronics devices etc. is a welcome move.**
- 2. This will provide level playing field to domestic producers to compete directly with finished goods imported from china and other countries.**

CUSTOMS



CUSTOMS TARIFF CHANGES



Major changes in Basic Custom Duty Rate For Electricals and Electronic /IT products



CUSTOMS TARIFF CHANGES



I- Changes in BCD rate- New Effective Rates:-

<u>Tariff Item</u>	<u>Commodity</u>	<u>From(%)</u>	<u>To(%)</u>	<u>Sr. No. in Not. No. 50/2017</u>
84 or any other Chapter 84	The following goods, namely:- (1) Wind operated electricity generators upto 30 KW and wind operated battery chargers upto 30 KW (2) Parts of wind operated electricity generators, for the manufacture or the maintenance of wind operated electricity generators, namely:-	5 5	Tariff rate(1 .4.22) 5	405

CUSTOMS TARIFF CHANGES



I- Changes in BCD rate- New Effective Rates:-

<u>Tariff Item</u>	<u>Commodity</u>	<u>From(%)</u>	<u>To(%)</u>	<u>Sr. No. in Not. No. 50/2017</u>
	(a) Special bearings, (b) Gear box, (c) Yaw components, (d) Wind turbine controllers, and (e) Parts of the goods specified at (a) to (d) The following goods, namely:- (3) Blades for rotor of wind operated electricity generators, for the manufacture or the maintenance of wind operated electricity generators	5	Tariff rate(1 .4.22)	

CUSTOMS TARIFF CHANGES



I- Changes in BCD rate- New Effective Rates:-

<u>Tariff Item</u>	<u>Commodity</u>	<u>From(%)</u>	<u>To(%)</u>	<u>Sr. No. in Not. No. 50/2017</u>
	(4) Parts for the manufacture or the maintenance of blades for rotor of wind operated electricity generators	5	5	
	(5) Raw materials for the manufacture of – (a) blades for rotor of wind operated electricity generators, or (b) parts, sub-parts of such blades	5	5	

CUSTOMS TARIFF CHANGES



I- Changes in BCD rate- New Effective Rates:-

<u>Tariff Item</u>	<u>Commodity</u>	<u>From(%)</u>	<u>To(%)</u>	<u>Sr. No. in Not. No. 50/2017</u>
84 or any other Chapter	Permanent magnets for manufacture of PM synchronous generators above 500KW for use in wind operated electricity generators	5	5	406
8516 80 00	Heat Coil for use in the manufacture of Electric Kitchen Chimneys falling under tariff item 8414 60 00	20	15	489A(New entry added)

CUSTOMS TARIFF CHANGES



I- Changes in BCD rate- New Effective Rates:-

<u>Tariff Item</u>	<u>Commodity</u>	<u>From(%)</u>	<u>To(%)</u>	<u>Sr. No. in Not. No. 50/2017</u>
8529	The following goods for use in the manufacture of Open cell of Liquid Crystal Display (LCD) and Light Emitting Diode (LED) TV panels of heading 492[8524], namely: - (i) Chip on Film; (ii) Printed Circuit Board Assembly (PCBA); (iii) Cell (glass board/substrate).	5	2.5	515B

CUSTOMS TARIFF CHANGES



I- Changes in BCD rate- New Effective Rates:-

<u>Tariff Item</u>	<u>Commodity</u>	<u>From(%)</u>	<u>To(%)</u>	<u>Sr. No. in Not. No. 50/2017</u>
8507 60 00	Lithium ion cell for use in the manufacture of battery or battery pack of cellular mobile phone	5	5	527A
8507 60 00	Lithium ion cell for use in the manufacture of battery or battery pack of electrically operated vehicle or hybrid motor vehicle	5	5	527B

CUSTOMS TARIFF CHANGES



II- Changes in BCD rates on Certain Electronics Goods:-

<u>Tariff Item</u>	<u>Commodity</u>	<u>From(%)</u>	<u>To(%)</u>	<u>Sr. No. in Not. No. 50/2017</u>
Any Chapter	a) Inputs or parts, <u>other than camera lens</u> , for use in manufacture of Camera Module of cellular mobile phones	2.5	2.5	-
Any Chapter	(a) Camera lens for the use in manufacture of Camera Module of cellular mobile phones (b) Inputs or sub-parts for use in manufacture of Camera lens of Camera Module of cellular mobile phones	2.5	Nil	-

CUSTOMS TARIFF CHANGES



III- Changes in First Schedule of the Customs Tariff Act :-

<u>Tariff Item</u>	<u>Commodity</u>	<u>From(%)</u>	<u>To(%)</u>	<u>Sr. No. in Not. No. 50/2017</u>
8414 60 00	Hood (Electric Kitchen Chimny)	7.5	15	

CUSTOMS TARIFF CHANGES



IV- Nil or 5% duty on specified goods, imported for used in manufacture of finished goods:-

<u>Notification No. 25/1999 dated. 28.02.1999</u>	<u>Changes</u>
Sr. No. 17 in Column (4)	Ferrites; Pre-calcined Ferrite Powder
Sr. No. 225 in Column (3), for item (vi)	vi) Liquid crystal polymer (LCP)
Sr. No. 225A shall be added	3824 99 00 - Palladium Tetra Amine Sulphate used for the manufacture of Parts of Connectors

CUSTOMS TARIFF CHANGES



I- Duty on Capital goods used by IT/ Electronics industry, subject to actual user condition :-

<u>Notification No.</u> <u>25/2002 dated.</u> <u>01.03.2002</u>	<u>Changes</u>
Sr. No. 69 in Column (3)	Lithium Ion Cell for use in the manufacture of Battery of Mobile Hand sets or <u>Battery of Electrically Operated Vehicles</u>]

CUSTOMS TARIFF CHANGES



I- Changes in BCD rates:-

In Chapter 84,85 following Entries would be omitted with effect from 01.04.2023.

Consequently, these goods will attract applicable tariff rate w.e.f 01.04.2023 :-

Tariff Item	Commodity	From (%)	Sr. No. in Not. No. 50/2017
84 or any other chapter	Specified goods for use in high voltage power transmission project	7.5	397
84 or any other chapter	Specified goods and their parts for use in manmade or synthetic fibre or yarn industry	5	399
84 or any other chapter	Specified goods and its parts for use in textiles industry	5	400

CUSTOMS TARIFF CHANGES



I- Changes in BCD rates:-

In Chapter 84,85 following Entries would be omitted with effect from 01.04.2023.

Consequently, these goods will attract applicable tariff rate w.e.f 01.04.2023 :-

Tariff Item	Commodity	From (%)	Sr. No. in Not. No. 50/2017
84 or any other chapter	Parts and raw materials for manufacture of goods of off-shore oil exploration or exploitation	Nil	403
84 or any other chapter	Goods required for substitution of ozone depleting substances (ODS) and setting up of new capacity with non-ODS technology	Nil	407

CUSTOMS TARIFF CHANGES



I- Changes in BCD rates:-

In Chapter 84,85 following Entries would be omitted with effect from 01.04.2023.

Consequently, these goods will attract applicable tariff rate w.e.f 01.04.2023 :-

Tariff Item	Commodity	From (%)	Sr. No. in Not. No. 50/2017
84 or any other chapter	Machinery, instruments, apparatus and appliances or raw material for renovation or modernization of a fertilizer plant fertilizer plants and spare parts, consumable stores, essentials for maintenance of that plant	5	408
84,85 or 90	Goods for use in pharmaceutical and biotechnology sector for R &D	5/Nil	430

CUSTOMS TARIFF CHANGES



I- Changes in BCD rates:-

In Chapter 84,85 following Entries would be omitted with effect from 01.04.2023.

Consequently, these goods will attract applicable tariff rate w.e.f 01.04.2023 :-

Tariff Item	Commodity	From (%)	Sr. No. in Not. No. 50/2017
84 or any other chapter	Specified goods for use in the textile industry	5	432
84 or any other chapter	Specified machinery and capital goods for use in the silk textile industry	5/ Nil	434
84 or 85	Spares, supplied with outboard motors for maintenance of such outboard motors	5	436

CUSTOMS TARIFF CHANGES



I- Changes in BCD rates:-

In Chapter 84,85 following Entries would be omitted with effect from 01.04.2023.

Consequently, these goods will attract applicable tariff rate w.e.f 01.04.2023 :-

Tariff Item	Commodity	From (%)	Sr. No. in Not. No. 50/2017
84 or any other chapter	Specified advance capital goods/machinery used in agriculture	2.5	448
8446,8448	Shuttle less looms and parts/components for its manufacturing	5	460
Any Chapter	Parts or components for use in manufacture of populated printed circuit board of DVR, NVR,CCTV camera	Nil	513

CUSTOMS TARIFF CHANGES



I- Changes in BCD rates:-

In Chapter 84,85 following Entries would be omitted with effect from 01.04.2023.

Consequently, these goods will attract applicable tariff rate w.e.f 01.04.2023 :-

Tariff Item	Commodity	From (%)	Sr. No. in Not. No. 50/2017
84	Machinery/Capital goods for manufacturing sports goods	5	393
84	Bacteria removing clarifier	Nil	394
84 or any other chapter	Machinery/ Capital goods used in Fisheries sector	5	395

CUSTOMS TARIFF CHANGES



I- Changes in BCD rates:-

In Chapter 84,85 following Entries would be omitted with effect from 01.04.2023.

Consequently, these goods will attract applicable tariff rate w.e.f 01.04.2023 :-

Tariff Item	Commodity	From (%)	Sr. No. in Not. No. 50/2017
84 or any other chapter	Goods required for setting up crude petroleum refinery	5	409
84,85,90	Specified machinery/capital goods in leather / footwear industry	5	439
84	Fogging Machines imported by Municipal Committee, District Board to combat Malaria etc	5	440

CUSTOMS TARIFF CHANGES



I- Changes in BCD rates:-

In Chapter 84,85 following Entries would be omitted with effect from 01.04.2023.

Consequently, these goods will attract applicable tariff rate w.e.f 01.04.2023 :-

Tariff Item	Commodity	From (%)	Sr. No. in Not. No. 50/2017
84	Geothermal ground source heat pumps	Nil	444
84 or any other chapter	Machinery/Capital goods for making Gems & Jewellery	5	445
8422 30 00, 8422 40 00, 8422 90 90	Goods specified under 8422 3000, 8422 4000 or 8422 9090 in packaging Industry	5	455

CUSTOMS TARIFF CHANGES



I- Changes in BCD rates:-

In Chapter 84,85 following Entries would be omitted with effect from 01.04.2023.

Consequently, these goods will attract applicable tariff rate w.e.f 01.04.2023 :-

Tariff Item	Commodity	From (%)	Sr. No. in Not. No. 50/2017
8438	Machineries under 8438 used in food processing industry	5	458
8444, 8445, 8446, 8447, 8448, 8449	Specified textile Machinery specified under 8444, 8445, 8446, 8447, 8448 (except 84483100), 8449	5	461

CUSTOMS TARIFF CHANGES



I- Changes in BCD rates:-

In Chapter 84,85 following Entries would be omitted with effect from 01.04.2023.

Consequently, these goods will attract applicable tariff rate w.e.f 01.04.2023 :-

Tariff Item	Commodity	From (%)	Sr. No. in Not. No. 50/2017
8472 90 or 8473 40	Atmospheric Water Generator	5	469
8479 30 00	Presses for manufacturing of particle board or fibre building board of wood or other ligneous material and other machinery for treating wood or cork	5	470

CUSTOMS TARIFF CHANGES



Conditional exemptions entries in Notification no 50/2017-Customs extended for one year, i.e. upto 31.3.2024 to be taken up for review this year:-

<u>Sr. No.</u>	<u>Sr. No. of Notification</u>	<u>Description</u>
1	415	Parts/inputs for manufacture of catalytic convertors
2	415A	Platinum or Palladium for manufacture of all goods including Noble Metal Compounds & Noble Metal Solutions falling under 2843 and goods of heading 381512
3	416	Ceria zirconia compounds for use in the manufacture of washcoat for catalytic convertors
4	417	Cerium compounds for use in the manufacture of washcoat for catalytic convertors

CUSTOMS TARIFF CHANGES



Conditional exemptions entries in Notification no 50/2017-Customs extended for one year, i.e. upto 31.3.2024 to be taken up for review this year:-

<u>Sr. No.</u>	<u>Sr. No. of Notification</u>	<u>Description</u>
5	418	Zeolite for use in the manufacture of washcoat for catalytic converters
6	419	Aluminium Oxide for use in the manufacture of washcoat for catalytic converters
7	420	Clay 2 Powder (Alumax) for use in ceramic substrate for catalytic convertors
8	421	Goods required for basic telephone service/ internet service and their parts

CUSTOMS TARIFF CHANGES



Conditional exemptions entries in Notification no 50/2017-Customs extended for one year, i.e. upto 31.3.2024 to be taken up for review this year:-

<u>Sr. No.</u>	<u>Sr. No. of Notification</u>	<u>Description</u>
9	426	Specified goods for the manufacture of goods falling under 8523 5200, 8541, 8542, 8543 9000 or 8548 00 00
10	428	Specified goods imported by accredited press cameraman
11	429	Specified goods, imported by accredited journalist
12	435	Capital goods/ Machinery for printing industry

CUSTOMS TARIFF CHANGES



Conditional exemptions entries in Notification no 50/2017-Customs extended for one year, i.e. upto 31.3.2024 to be taken up for review this year:-

<u>Sr. No.</u>	<u>Sr. No. of Notification</u>	<u>Description</u>
12	441	Spinnerettes made interalia 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
13	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
14	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

CUSTOMS TARIFF CHANGES



Conditional exemptions entries in Notification no 50/2017-Customs extended for one year, i.e. upto 31.3.2024 to be taken up for review this year:-

<u>Sr. No.</u>	<u>Sr. No. of Notification</u>	<u>Description</u>
15	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
16	467	Cash dispenser and parts thereof
17	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

CUSTOMS TARIFF CHANGES



Conditional exemptions entries in Notification no 50/2017-Customs extended for one year, i.e. upto 31.3.2024 to be taken up for review this year:-

<u>Sr. No.</u>	<u>Sr. No. of Notification</u>	<u>Description</u>
18	471	All parts for use in the manufacture of LED lights or fixtures including LED lamp
19	472	All inputs for use in the manufacture of LED driver or MCPCB for LED lights and fixtures or LED lamps
20	475	Specified goods including scramblers, descramblers, encoders, jammers, network firewall, SMS monitoring system etc
21	476	Television equipment, cameras and other equipment for taking films, imported by a foreign film unit or television team

CUSTOMS TARIFF CHANGES



Conditional exemptions entries in Notification no 50/2017-Customs extended for one year, i.e. upto 31.3.2024 to be taken up for review this year:-

<u>Sr. No.</u>	<u>Sr. No. of Notification</u>	<u>Description</u>
22	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.
23	478	The wireless apparatus, parts imported by a licensed amateur radio operator
24	480	Goods imported for being tested in specified test centers
25	482	Newspaper page, transmission and reception facsimile system or equipment; telephone transmission and reception system or equipment

CUSTOMS TARIFF CHANGES



Conditional exemptions entries in Notification no 50/2017-Customs extended for one year, i.e. upto 31.3.2024 to be taken up for review this year:-

<u>Sr. No.</u>	<u>Sr. No. of Notification</u>	<u>Description</u>
26	489B	Specified goods for manufacturing of microphones
27	495	Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles
28	497	Active Energy Controller (AEC) for use in manufacture of Renewable Power System (RPS) inverters
29	504	Parts, Components of Digital Still Image Video Cameras

CUSTOMS TARIFF CHANGES



Conditional exemptions entries in Notification no 50/2017-Customs extended for one year, i.e. upto 31.3.2024 to be taken up for review this year:-

<u>Sr. No.</u>	<u>Sr. No. of Notification</u>	<u>Description</u>
30	509	Parts, components and accessories for manufacture of Digital Video Recorder /Network Video Recorder (NVR)
31	510	Parts, components and accessories for use in manufacture of reception apparatus for television and sub-parts
32	511	Parts, components and accessories for manufacture of CCTV Camera /IP camera and sub-parts
33	512	Specified Parts, components and subparts for use in manufacture of Lithium-ion battery and battery pack

CUSTOMS TARIFF CHANGES



Conditional exemptions entries in Notification no 50/2017-Customs extended for one year, i.e. upto 31.3.2024 to be taken up for review this year:-

<u>Sr. No.</u>	<u>Sr. No. of Notification</u>	<u>Description</u>
34	512A	Inputs ,parts or subparts for manufacture of PCBA of Lithium ion battery and battery pack
35	515A	Open cell for use in manufacture of LCD and LED TV panels of heading 8524
36	516	Specified goods for use in the manufacture of Liquid Crystal Display (LCD) and LED TV panel
37	519	Raw materials or parts for use in manufacture of e-Readers

CUSTOMS TARIFF CHANGES



Standalone Customs exemption notifications extended for one year, upto 31.3.2024 to be taken up for review this year:-

<u>Sr. No.</u>	<u>Notification No.</u>	<u>Subject</u>
1	80/1970- Customs	Exemption to articles supplied free under warranty as replacement for defective ones
2	134/94- Customs	Exemption to goods for carrying out repairs, reconditions , testing calibration or maintenance
3	50/96- Customs	Exemption to specified equipment, instruments, raw material etc imported for R&D projects
4	25/98- Customs	Effective rate of duty for goods of Chapter 70,84,85 or 90

CUSTOMS TARIFF CHANGES



Review of Exemptions:-

Out of 196 exemptions, 146 exemptions are being extended for a period of one year i.e. up to 31.3.2024 for the purpose of undertaking review with certain description change

<u>Sr. No.</u>	<u>Notification No.50/2017</u>	<u>Commodity</u>	<u>From %</u>	<u>To %</u>
1	527A	Lithium-ion cell for use in the manufacture of battery or battery pack of cellular mobile phone	5	5
2	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

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