

# Introduction & Levy of Customs duty

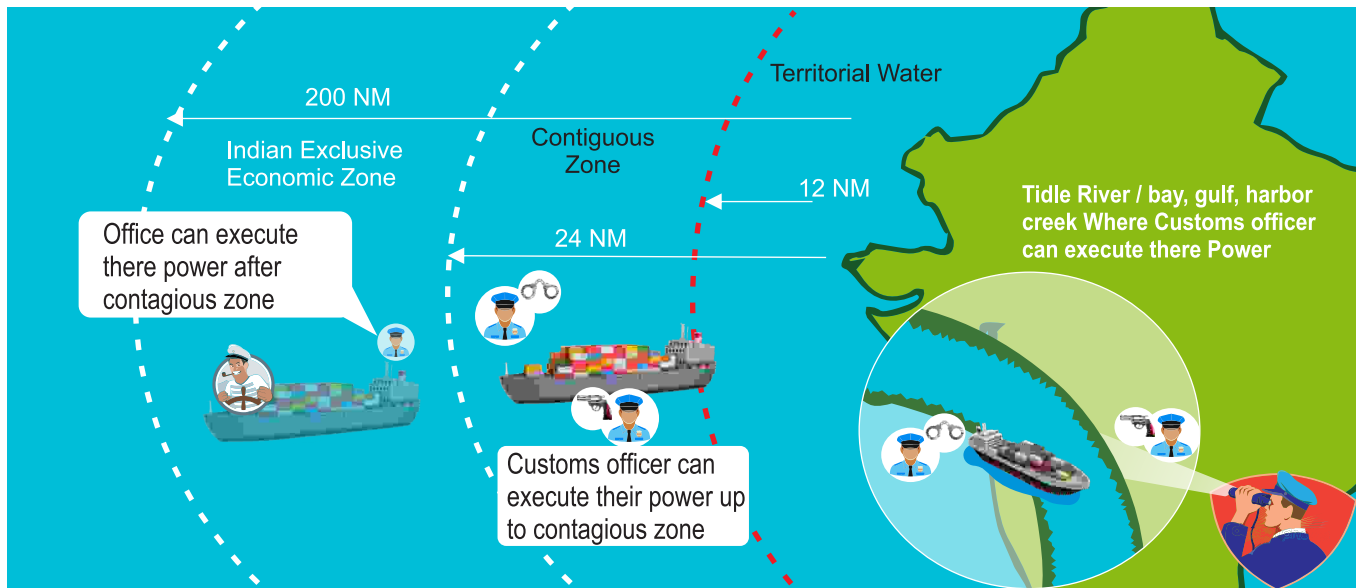
## Sec. 2(27) India

includes territorial waters of India

## Sec 2(28) INDIA & INDIAN CUSTOM WATER

**Means** The waters extending into the sea up to the limit of **exclusive economic zone under <sup>Amended</sup> section 7** of the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zone Act, 1976

**Includes**  
Any bay, gulf, harbour, creek or tidal river;



# Concession Under Custom

## SECTION 25: EXEMPTION FROM CUSTOMS DUTY

Newly Inserted

### Central Government's power to grant exemption

Article 265 of the Constitution provides that "No tax shall be levied or collected except by authority of law". The power of the Central Government to alter the duty rate structure is known as delegated legislation and this power is always subject to superintendence and check by Parliament.

- a. **General exemption:** If the Central Government is satisfied that it is necessary in the public interest so to do, it may, by notification in the Official Gazette,  
**exempt generally** either absolutely or subject to such conditions (to be fulfilled before or after clearance) as may be specified in the notification, goods of any specified description from the whole or any part of duty of customs leviable thereon.
- b. **Special exemption:** If the Central Government is satisfied that it is necessary in the public interest so to do, it may, by **special order in each case**, exempt from payment of duty, any goods on which duty is leviable only under circumstances of an exceptional nature to be stated in such order.

Further, no duty shall be collected if the amount of duty leviable is equal to, or less than, one hundred rupees. Both the above mentioned exemptions may be granted by providing for the levy of duty on such goods at a rate expressed in a form or method different from the form or method in which the statutory duty is leviable.

Further, the duty leviable under such altered form or method shall in no case exceed the statutory duty leviable under the normal form or method.

## SECTION 25A:- EXEMPTION FROM CUSTOMS DUTY ON IMPORTED GOODS USED FOR INWARD PROCESSING OF GOODS

Newly Inserted

Where the Central Government is satisfied that it is necessary in the public interest so to do, it may, by notification, **exempt such of the goods which are imported for the purposes of repair, further processing or manufacture**, as may be specified therein, from the whole or any part of duty of customs leviable thereon, subject to the following conditions, namely:—

- (a) the goods shall be re-exported after such repair, further processing or manufacture, as the case may be, within a period of one year from the date on which the order for clearance of the imported goods is made;
- (b) the imported goods are identifiable in the export goods; and
- (c) such other conditions as may be specified in that notification.

## SECTION 25B:- EXEMPTION FROM CUSTOMS DUTY ON RE-IMPORTED GOODS USED FOR OUTWARD PROCESSING

Newly Inserted

Notwithstanding anything contained in section 20, where the Central Government is satisfied that it is necessary in the public interest so to do, it may, by notification, **exempt such of the goods which are re-imported after being exported for the purposes of repair, further processing or manufacture, as may be specified therein**, from the whole or any part of duty of customs leviable thereon, subject to the following conditions, namely :—

- (a) the goods shall be re-imported into India after such repair, further processing or manufacture, as the case may be, within a period of one year from the date on which the order permitting clearance for export is made;
- (b) the exported goods are identifiable in the re-imported goods; and
- (c) such other conditions as may be specified in that notification

# Foreign Trade Policy

## 1. Entitlement under MEIS for exports made through courier or foreign post office enhanced [Notification No. 22/2015-20 dated 26.07.2018]

Presently, export of handicraft items, handloom products, books/periodicals, leather footwear, toys and tailor made fashion garments through courier or foreign post office using e-commerce of FOB value upto Rs. 25000 per consignment are entitled for reward under MEIS.

However, DGFT has amended the said provision and provided that for export of aforesaid **items through courier or foreign post office of FOB value upto Rs. 5,00,000 per consignment will be entitled for reward under MEIS.**

**If the value of exports is more than Rs. 5,00,000 per consignment then MEIS reward would be calculated on the basis of FOB value of Rs. 5,00,000 only.**

With this amendment, the limitation on the port of exports for courier exports for the purpose of incentivisation under MEIS has been done away with

## 2. Removal of limit of Rs. 1 crore per year for exports on Free of Cost Exports basis for export promotion for Status Holders [Notification No. 28/2015-20 dated 27.08.2018]

Presently, Status holders are entitled to export freely exportable items (excluding Gems and Jewellery, Articles of Gold and precious metals) on free of cost basis for export promotion subject to an annual limit of Rupees 1 Crore or 2% of average annual export realization during preceding three licensing years, whichever is lower.

Now, Status holders shall be entitled to export freely exportable items (excluding Gems and Jewellery, Articles of Gold and precious metals) on free of cost basis for export promotion subject to an annual limit as below:

- a) Annual limit of 2% of average annual export realization during preceding three licensing years for all exporters **(excluding the exporters of following sectors-(1) Gems and Jewellery Sector, (2) Articles of Gold and precious metals sector).**
- b) Annual limit of **Rupees 1 Crore or 2% of average annual export realization during preceding three licensing years, whichever is lower.** (for exporters of the following sectors-(1) Gems and Jewellery Sector, (2) Articles of Gold and precious metals sector).

In nutshell, it means that the limit of Rs 1 Crore per year for exports on free of cost exports basis for export promotion for Status Holders is removed and is made 2% of average annual export realization during preceding three licensing years.

## 3. Extension of IGST and Compensation Cess exemption under Advance Authorisation, EPCG and EOU scheme upto 31.03.2019 [Notification No. 35/2015-20 dated 26.09.2018]

IGST and Compensation Cess have been exempted upto 01.10.2018 on imports under Advance Authorisation for physical exports, Capital Goods imported under EPCG authorisation and imports made by EOUs.

In this regard, DGFT vide Notification No. 35/2015-20 dated 26.09.2018 has **extended IGST and Compensation Cess exemption under Advance Authorisation, EPCG and EOU schemes upto 31.03.2019.**

## 4. Exemption from IGST and GST Compensation Cess extended to deemed exports in case of Advance Authorisation and pre-import condition for said exemption dispensed with

Exemption from IGST and GST Compensation Cess is available to imports under Advance Authorisation. Earlier, this exemption was restricted to only physical exports and was subject to 'pre-import condition'.

Now, pre-import condition for said exemption has been dispensed with and said exemption has also been extended to following deemed exports:

- (a) Supply of goods by a registered person against Advance Authorisation.

- (b) Supply of capital goods by a registered person against Export Promotion Capital Goods Authorisation.
- (c) Supply of goods by a registered person to Export Oriented Unit.

Under pre-import condition, an exporter has to first import inputs under advance authorisation, manufacture final products using only such inputs imported against respective advance authorisation and then physically export them. Thus, exporters cannot import inputs under AA after their finished products are exported. There needs to be a strict nexus between import of duty-free goods under AA and physical export of goods manufactured using the same.