

Budget Notes 2009-2010 – TRU Letter and Chapter wise Explanation Notes

Text of D.O.F.No.334/13/2009-TRU New Delhi, dated the 6th July, 2009. From Commissioner TRU to All Chief Commissioner/Commissioner

The Finance Minister has introduced the Finance (No.2) Bill, 2009 in Lok Sabha today i.e. 6th July, 2009. Amendments to the Customs Act, 1962 have been proposed through clauses 84 to 90 of the Bill and to the Customs Tariff Act, 1975 through clauses 93 to 102. Some notifications issued under the Customs Act have been validated retrospectively through clauses 91 and 92 of the Bill. On the excise side, amendments to the Central Excise Act, 1944 have been proposed through clauses 103 to 109 of the Finance (No.2) Bill and notifications issued under the erstwhile Rule 96ZO and 96ZP of the Central Excise Rules has been validated retrospectively vide clause 110. Clause 111 of the Bill proposes amendments to the First Schedule to the Central Excise Tariff Act, 1985. While the changes proposed through clause 111 have been given immediate effect through a declaration under the Provisional Collection of Taxes Act, 1931, the other changes proposed in the Bill would come into effect only upon its enactment or, in one case, from a date to be notified.

2. Changes in excise and customs duties have been made through Notification Nos.77/2009 Customs to 80/2009 Customs and 7/2009-CE to 22/2009-CE all dated 7th July, 2009. These changes in rates of duty take effect from the midnight of 6th July/ 7th July, 2009. Changes in CENVAT Credit Rules, 2004 and the Central Excise Rules, 2002 have been carried out through notification nos. 16/2009-CE (NT) and 17/2009-CE (NT) also dated 7th July, 2009. Rates of abatement on certain items covered under RSP based levy have been revised through Notification No. 18/2009-CE (NT) dated 07.07.2009.

3. The salient features of these changes in respect of excise and customs duties are discussed below:

I. CENTRAL EXCISE

I.1 Rate structure

As a consequence of changes in the ad valorem rates of Central Excise duty for non-petroleum products on the 24th of February, 2009, a dual rate structure -with rates of 4% and 8% ad valorem- was put in place. This rate structure for non-petroleum products has been retained but the rate of duty on several items attracting 4% has been restored to 8%. Among the important sectors/ items where such an increase has occurred are the manmade textile sector (the details of which are discussed in subsequent paras), ceramic tiles manufactured in a factory not using electricity for firing the kiln; plywood, flush doors and articles of wood; writing ink and other ink used in writing

instruments; zip fasteners; and MP3/MP4 or MPEG4 players etc. On the other hand, the major items on which the 4% rate has been retained are:

- food items such as sugar confectionary, biscuits with retail price exceeding Rs.100/kg, cakes and pastries, sherbets, scented supari etc.;
- Paraxylene;
- drugs and pharmaceutical products of chapter 30;
- paper, paperboard and articles made therefrom;
- footwear of retail price exceeding Rs.250 per pair but not exceeding Rs.750 per pair;
- Pressure cookers
- power –driven pumps designed for handling water;
- water filtration/ purification equipment;
- specified textile machinery;
- compact fluorescent lamps (CFL) and vacuum and gas filled bulbs of retail price not exceeding Rs.20 per bulb; and
- medical equipment

These lists are not exhaustive and the relevant notifications/ Explanatory Notes may be referred to for details.

Consequent upon increase in excise duty rate from 4% to 8%, abatement rates have been revised suitably on items covered under RSP (Retail Sale price) based assessment.

I.2 Textile and textile intermediates:

Broadly speaking, the excise duty regime applicable to textiles, both manmade and natural, prior to the reductions made on the 7th of December, 2008 is being restored. The important changes in this sector are:

i. In respect of cotton textiles, not containing any other material, the rate of duty has been enhanced from Nil to 4% on optional basis. Full exemption would now be available only if a manufacturer does not avail of Cenvat credit of the duty paid on inputs. If he does not fulfill this condition, he would be required to pay a duty of 4% ad valorem.

ii. The rate of duty on manmade fibre and yarn has been enhanced from 4% to 8% on mandatory basis. Beyond the fibre/ yarn stage, the optional levy of 8% ad valorem has been restored (instead of the pre-budget rate of 4%).

iii. Similarly, textile items manufactured from natural fibres other than cotton such as silk, wool, flax etc. would now bear an optional levy of 8% ad valorem instead of 4% beyond the fibre stage. The enhanced rate of 8% would also apply to blended fabrics and products.

iv. Corresponding changes have also been made in the rates of duty applicable to Export Oriented Units (EOU) that use only indigenous raw materials when they make clearances of textile items into the Domestic Tariff Area (DTA).

v. Full exemption from excise duty has been provided to tops manufactured from duty paid tow of manmade fibre using the tow-to-top process on the condition that the manufacturer availing of this exemption does not have the facility to manufacture tow in his factory.

vi. Excise duty on some important textile intermediates has also been enhanced from 4% to 8% ad valorem. These are:

- Polyester chips
- Di-methyl terephthalate (DMT)
- Pure Terephthalic Acid (PTA); and
- Acrylonitrile

As far as possible, the enhanced rates are being prescribed through the Tariff Schedule. In many cases, however, these rates have been prescribed by notification as the tariff rates are higher.

I.3 Packaged or canned software:

Partial exemption from excise duty has been provided to packaged or canned software so that the duty payable on that portion of the value which represents the consideration for the transfer of the right to use such software, is exempted. The benefit of the exemption is avail-

| S. No. | Description | From | To |
|--------|--------------|------------------------|--------------------|
| 1. | Motor Spirit | 6% + Rs 5 per litre | Rs. 6.50 per litre |
| 2. | HSD | 6% + Rs 1.25 per litre | Rs. 2.75 per litre |

Consequently petrol intended for sale with a brand name will attract total excise duty of Rs. 14.50 per litre while the total duty applicable to High Speed Diesel intended for sale with a brand name would be Rs 4.75 per litre. Other changes in respect of petroleum products are:

i. Exemption from basic excise duty, additional duty of excise and special additional duty of excise has been provided to High speed diesel oil blended with bio-diesels, up to 20% by volume, provided both HSD and bio-diesel have paid the appropriate duty of excise.

ii. Excise duty rate on special boiling point spirits falling under tariff items 27101111, 27101112 and 27101113 has been reduced to 14%. Excise duty rate on Naphtha falling under heading 2710 has also been reduced to 14%.

I.6 Other Concessions:

The following concessions/ changes have also been made:

i. Full exemption from excise duty has been provided to goods falling under Chapter 68 manufactured at the site of construction for use in construction work at such site.

ii. Recorded smart card and tags are exempt from excise duty. A condition has been added to this exemption so that it would be available only if the manufacturer does not avail of Cenvat credit of the duty paid on inputs for these goods.

iii. Articles of jewellery on which brand name or trade name is indelibly affixed or embossed

able to the manufacturer of such software when he declares to the Central Excise authorities that the right to use is transferred for commercial exploitation and fulfillment of some other conditions. The details are contained in notification no.22/2009-Central Excise dated 7th July, 2009. On the portion of the value which is exempted from excise duty, service tax will be leviable under the 'Information Technology Software Service'.

I.4 Automobiles:

There are two important changes in the excise duty rates applicable to automobiles:

- Excise duty on motor vehicles of headings 8702 and 8703 having engine capacity exceeding 1999cc, has been reduced from 20% + Rs.20,000 per unit to 20% + Rs.15,000 per unit.
- Excise duty on petrol driven motor vehicles for transport of goods except dumpers of tariff item 8704 10 90 has been reduced from 20% to 8%. Excise duty on chassis of such petrol driven vehicles has also been reduced from 20% + Rs.10,000 per chassis to 8% + Rs.10,000 per chassis .

I.5 Petroleum:

The basic excise duty rates on MS/HSD intended for sale with a brand name have been converted from 'ad valorem + specific rate' to pure 'specific rate' as under:

(branded jewellery), have been fully exempted from excise duty.

iv. Full exemption has also been provided to EVA compound manufactured on job-work basis for further manufacture of footwear.

II. CUSTOMS

II.1. Rate Structure:

There is no change in the overall rate structure of customs duties. As such, the peak rate for industrial goods has been retained at 10% and the major ad valorem rates of 5% and 7.5% have also been retained. Changes in the rate of duty on specific items are discussed in subsequent paras.

II.2. Precious Metals

Rates of basic customs duty on gold and silver have been increased as under:

| S. No. | Item | From | To |
|--------|--|-------------------|-------------------|
| 1. | Gold bars, other than tola bars, bearing Manufacturer's or refiner's engraved serial number and weight expressed in metric units, and gold coins | Rs. 100 per 10 gm | Rs. 200 per 10 gm |
| 2. | Gold in any form (other than those specified, against S. No. 1) | Rs. 250 per 10 gm | Rs. 500 per 10 gm |

| | | | |
|----|--------------------|----------------|------------------|
| 3. | Silver in any form | Rs. 500 per Kg | Rs. 1,000 per Kg |
|----|--------------------|----------------|------------------|

The revised rates shall also apply to gold and silver including gold/silver ornaments (excluding ornaments studded with stones or pearls) imported as baggage.

II.3. Capital Goods:

II.3.1 Concessional rate of basic customs duty of 5% was earlier available to specified plantation machinery till 30.04.2009. This concessional rate of 5% has now been restored for one more year i.e. upto 06.07.2010.

II.3.2 Basic customs duty on 'mechanical harvester' for coffee plantation has been reduced from 7.5% to 5%. Such harvesters have also been exempted from CVD by way of excise duty exemption.

II.3.3 Basic customs duty on permanent magnets for manufacture of PM synchronous generators above 500KW for use in wind operated electricity generators has been reduced from 7.5% to 5%.

II.4 Export Promotion:

II.4.1 Full exemption from customs duty presently available to specified raw materials/inputs imported by manufacturer-exporters of sports goods has been extended to five additional items.

II.4.2 Similarly, full exemption from customs duty is presently available to specified raw materials and equipment imported by manufacturer-exporters of leather goods, textile products, and footwear industry. The list of such items has been expanded by including additional items.

II.4.3 Basic customs duty on unworked corals has been reduced from 5% to Nil.

II.5. Electronic industry:

II.5.1 Full exemption from basic customs duty available to set-top boxes has been withdrawn. They will now attract basic duty of 5%.

II.5.2 Basic customs duty on LCD panels for manufacture of LCD televisions has been reduced from 10% to 5%.

II.5.3 Full exemption from 4% special CVD on parts for manufacture of mobile phones and accessories has been reintroduced for one year i.e. upto 06.07.2010.

II.6. Drugs and Medical Devices:

II.6.1 Basic customs duty on nine specified drugs and bulk drugs for their manufacture, and one vaccine has been reduced from 10% to 5%. CVD on these items would also be exempted by virtue of full exemption from excise duty.

II.6.2 Basic customs duty on Patent Ductus Arteriosus/ Atrial Septal Defect occlusion devices is being reduced from 7.5% to 5% with Nil CVD by way of excise duty exemption. Similarly, basic customs duty on Artificial Heart (left ven-

Subscription rate for the Weekly Index with World Trade Scanner

- Six months Rs. 350 US\$35
- 1 Year Rs. 650 US\$65
- 2 Years Rs. 1200 US\$120
- 3 Years Rs. 1800 US\$180



Academy of Business Studies

24/4866 Sheeltara House, Ansari Rd, New Delhi 110 002
Tel: 011-2328 1314; 3018 3435-37; Fax: 011-3018 3438
Email: academy.delhi@gmail.com
Web: www.worldtradesscanner.com

6 July 2009 Budget News

Dear Friend:

I am writing this letter to you to seek your continued help and co-operation for furthering our work on trade databases. You will be glad to know that the 28th Budget edition of **BIG's Easy Reference Customs Tariff 2009-2010** edited by Arun Goyal will be **released on 9th July 2009** after updating for Budget changes.

New in this Edition

- ◆ Presentation in Single Volume covering 1300 pages
- ◆ 11 Col Format with Each Tariff Code covering

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|---------|-------|------------------|------|-------|------------|-------------|--------------------------|----------------------|---------------------|-----------------------|
| Hs Code | Level | Item Description | Unit | Basic | CVD Excise | Spl CVD VAT | Total Duty With Edu Cess | Import Policy & NTBs | Country Preferences | Import 07-08 (Rs Lac) |

- ◆ Covers July 2009 Budget and Amendments and Changes + Interim Budget February 2009.
- ◆ Procedure for 4% Special CVD of VAT Refund **NEW!**
- ◆ 182 Anti-Dumping Duty and 8 Safeguards Duty Notifications in respective Chapters. **NEW!**
- ◆ Product Index Based on HS 2007 + September 2008 Amendments **NEW!**
- ◆ Second Hand Machinery – Policy and Procedure Import and Export rules **NEW!**
- ◆ Hazardous Materials **NEW!**
- ◆ Country Preferences – Indo-Singapore FTA, LDCs Concessions, Indo-Mercosur PTA **NEW!**

Also releasing for the first time in collaboration with Ministry of Finance **Customs Tariff Database (CUSTADA) and Non Tariff Database (NONTADA)**. CD consists of 574 files in the database covering CUSTADA (Customs Tariff Database) and NONTADA (Non Tariff Database).

Also announcing launch of our site www.worldtradesscanner.com for daily updates on Customs, Excise, Import Policy and WTO Changes. Login for Budget Changes on 6 July 2009 at 13:00 hrs.

Also special discount for you in view of our special relationship.

Discount Package



- Take 10% off on any 1 title
- Take 15% off on any 2 titles
- Take 20% off on 3+ titles

Free Courier delivery.

Last Date for Discount Package Order **31 July, 2009**

With regards,

Arun Goyal
Editor

Cont'd..179

iv. Section 137 of the Customs Act has been amended to exclude certain types of offences and circumstances from the purview of compounding provisions.

v. Section 3 of the Customs Tariff Act has been amended so as to provide that where the Central Government has fixed tariff value for collection of central excise duty on an article produced or manufactured in India, the value of a like imported article for the purpose of charging additional duty shall be such tariff value.

vi. Sections 8B, 8C, 9 and 9A of the Customs Tariff Act, 1975 have been amended retrospectively so as to extend the machinery provisions of the Customs Act to the duties levied under these provisions.

vii. Sub-section (6A) has been inserted in section 9A of the Customs Tariff Act so as to provide that the margin of dumping in relation to

an article exported by an exporter or producer shall be determined on the basis of records maintained by such exporter or producer and on the basis of information available in the case of non-cooperating exporter or producer.

viii. Para (A) in Note 2 of Section XI of the Customs Tariff Act has been amended so as to align it with the parallel provision in the Central Excise Tariff Act.

ix. Notification No. 40/2006-Customs dated 01.05.2006 is sought to be amended retrospectively from its date of issue so as to allow the facility of rebate in respect of locally procured materials used in the manufacture of goods exported under the Duty Free Import Authorisation Scheme and to carry out other related changes.

x. Notification No. 27/2009-Customs (NT) dated 17.03.2009 appointing officers of DGCEI as officers of customs with all India jurisdiction is sought to be given retrospective effect from 09.05.2000.

85.1 Exemption has been provided to packaged or canned software, subject to specified conditions, from so much of the additional duty of customs leviable thereon under subsection (1) of section 3 of the Customs Tariff Act, 1975 as is equivalent to the duty payable on the portion of the value which represents the consideration paid or payable for transfer of the right to use such software. Service tax is chargeable on this portion of the value under the Information Technology Software Service. The exemption from additional customs duty is available only if the importer is registered as a Service Tax assessee under the provisions of Finance Act, 1994. For fulfilling this condition, the importer may be asked to furnish a copy of Service Tax registration. [Notification No. 80/2009-Customs refers].

85.2 Customs duty exemption on set-top boxes, also known as integrated decoder receiver, has been withdrawn. These items will now attract 5% customs duty. [S. No. 538 of notification No. 21/2002-Customs, amended vide notification No. 77/2009-Customs refers].

85.3 Customs duty on LCD panels for manufacture of LCD TV is being reduced from 10% to 5%. [S. No. 319A of notification No. 21/2002-Customs inserted vide notification No. 77/2009-Customs refers].

85.4 Full exemption from special additional duty of customs on parts, components and accessories of mobile handsets including cell phones, has been reintroduced. This exemption is valid for one year. [Notification No. 79/2009-Customs refers].

CHAPTER 86 to 88

No change

CHAPTER 89

89.1 Basic customs duty on inflatable rafts has been fully exempted. [S. No. 588 of notification No. 21/2002-Customs inserted vide notification No. 77/2009-Customs refers].

CHAPTER 90

90.1 Customs duty on Artificial Heart (left ventricular assist device) is being reduced from 7.5% to 5%. This device already attracts nil excise duty/ CVD. [S. No. 589 of notification No. 21/2002-Customs inserted vide notification No. 77/2009-Customs refers].

90.2 Customs duty on Patent Ductus Arteriosus/ Atrial Septal Defect occlusion devices is being reduced from 7.5% to 5% with Nil CVD by way of excise duty exemption. [S. No. 590 of notification No. 21/2002-Customs inserted vide notification No. 77/2009-Customs refers].

CHAPTER 91 to 94

No change

CHAPTER 95

95.1 Basic customs duty is being fully exempted on snow skis and other snow-ski equipment, water-skis, surf-boards, sailboards and other water-sports equipment. [S. No. 591 of notification No. 21/2002-Customs inserted vide notification No. 77/2009-Customs refers].

CHAPTER 96 & 97

No change

EXPLANATORY NOTES (CUSTOMS)

CHAPTER 1 to 4

No change

CHAPTER 5

5.1 Customs duty on unworked Corals has been reduced from 5% to nil. [S. No. 547 of notification No. 21/2002-Customs amended vide notification No. 77/2009-Customs refers].

CHAPTER 6 to 24

No change

CHAPTER 25

25.1 Customs duty on rock phosphate (2510) has been reduced from 5% to 2% [S. No. 584 of notification No.21/2002-customs inserted vide notification No. 77/2009-Customs refers].

CHAPTER 26 & 27

No change.

CHAPTER 28 to 39

28.1 Basic customs duty on Alkyl esters of long chain fatty acids obtained from vegetable oils, commonly known as bio-diesels is being reduced from 7.5% to 2.5%. [S. No. 585 of notification No. 21/2002-Customs inserted vide notification No. 77/2009-Customs refers].

28.2 Basic customs duty on 9 (nine) specified life saving drugs and their bulk drugs and 1 (one) vaccine is being reduced to 5% with Nil C.V duty by way of excise duty exemption. [List 3 of notification No. 21/2002-Customs amended vide notification No. 77/2009-Customs refers].

CHAPTER 40 to 50

No change

CHAPTER 51 & 52

51.1 Basic customs duty on waste of wool is being reduced from 15% to 10%. [S. No. 586 of notification No. 21/2002-Customs inserted vide notification No 77/2009-Customs refers].

51.2 Basic customs duty on cotton waste is being reduced from 15% to 10%. [S. No. 587 of notification No. 21/2002-Customs inserted vide notification No. 77/2009-Customs refers]

CHAPTER 53 to 70

No change.

CHAPTER 71

71.1. Basic customs duty on gold and silver has been increased – **See TRU Letter**

CHAPTER 72 to 83

No change.

CHAPTER 84 & 85

84.1 Concessional customs duty of 5% on specified plantation machinery, which was available up to 30.04.09, has been reintroduced for one more year i.e. up to 06.07.10. [Clause (b) in the proviso to the preamble of notification No.21/2002-Customs as substituted vide notification No. 77/2009-Customs refers].

84.2 Customs duty on Permanent magnets for manufacture of PM synchronous generators above 500KW for use in wind operated electricity generators is being reduced from 7.5% to 5%. [S. No. 224A of notification No. 21/2002-Customs inserted vide notification No. 77/2009-Customs refers].

84.3 Customs duty exemption on concrete batching plants of capacity 50 cum/hr or more has been withdrawn. These items will now attract 7.5% customs duty. [Item (13) in list 18 against S. No. 230 of notification No. 21/2002-Customs, omitted vide notification No. 77/2009-Customs refers].

84.4 Customs duty on mechanical harvesters for coffee plantation sector is being reduced from 7.5% to 5%. This exemption is valid for one year up to 06.7.2010. [Item (viii) in list 32A against S. No. 252A of notification No. 21/2002-Customs inserted vide notification No. 77/2009-Customs refers].

84.5 The description of machinery items for use in leather or footwear industry at S. No's. 33, 34, 40, 77, 110, 117, 136, 151, 158, 159, 171, 185, 223, 253, 256 and 262 of List 34 of notification no. 21/2002-Customs is being amended vide notification No. 77/2009-Customs.

CUSTADA and NONTADA Database for India in CD

This CD consists of 574 files in the database covering CUSTADA (Customs Tariff Database) and NONTADA (Non Tariff Database) for your information and comments. The database files are in Microsoft Word7 and Hyper Text formats for running matter. Tables are in Excel format.

The database consists of three sections:

A. Main database covering tariff, import policy, NTBs, country preferences, import and export values and quantity for the two years 06-07 and 07-08.

B. Main database for number crunching with special fields for specific duty and unit value in the case of both imports as well as exports, apart from the fields at (A) above.

C. Main database for country preferences giving effective preferential duties for specific countries/country groups.

Please note that this database is:

UPDATED TILL 07 JULY, 2009 and covers changes in the Final Budget 2009 (06 July 2009) Interim Budget 2009 as well as Interim Foreign Trade Policy. The realignment of the ITC(HS) Classification of Imports and Exports items according to the HS2007 as notified by notification 94(RE) dated 2 March 2009 is also incorporated in the database.

1. How to Access CUSTADA and NONTADA

Use one of three Options to access the database.

Option 1

Open Word file "How to Access CUSTADA: in MS Word 2007 or below. Read Write up and open desired file. Use file "How to use this Customs Tariff Schedule" to understand system.

Option 2

Open Word file "CUSTADA AND NONTADA"

to get file list and access data directly.

Option 3

Open file directly from Word, Excel programs using Explorer.

2. Subjects covered in this CD

(a) Customs Tariff of India covering chapters 1-98

(b) Export Tariff of India

(c) 203 Exemption Notifications

(d) 182 Anti-dumping notifications

(e) Country Preferences Database

(f) Write ups on key subjects like IT Agreement, Special CVD

(g) Non Tariff Barriers and Import Procedures of key items

3. Updation of data

This database has been finalized after Ministry's comments and suggestions in a meeting held on 21 April 2009. It is now updated and revised for the final submission. We have now covered the country preferences in the main file itself. Similarly, the Non Tariff Barriers such as Plant Quarantine Act are contained in the main file in a separate column.

4. Follow up

The CD will be updated monthly. A hardcopy of the entire database in book form will be made available to you after the Budget. Once the database is on the Internet, the database will be updated every day. Hotline and helpdesk is available 6 days a week during 9:30 am to 6:00 pm on 011-23281314, call Omana.

5. Send Comments

Looking forward to your valuable comments and suggestions to DEA as well as Academy of Business Studies (Arun Goyal, email: arungoyal.delhi@gmail.com).

Director (Customs), CBEC (Clause 84 of the Finance (No.2) bill, 2009 refers).

M.5 Section 28F of the Customs Act has been amended to provide that the Central Government may by notification authorize the Authority for Advance Ruling constituted under Section 245-O of the Income Tax Act to act as an Authority for the purposes of customs, central excise and service tax subject to some modification regarding the constitution of the Authority. The change will come into effect from a date to be notified (Clause 85 of the Finance (No.2) bill, 2009 refers).

M.6 Sections 130 and 130A of the Customs Act have been amended to empower the High Court to condone the delay in filing of appeals/applications/memorandum of cross objections where it is satisfied that there is sufficient cause for delay (Clauses 86 & 87 of the Finance (No.2) bill, 2009 refer).

M.7 Section 137 of the Customs Act has been amended to exclude certain types of offences and circumstances from the purview of compounding provisions. Consequential amendments have been made in Sections 156 & 157 of the Customs Act respectively. (Clauses 88, 89 & 90 of the Finance (No.2) bill, 2009 refer).

M.8 Notification No.27/2009-Customs (N.T.) dated 17.3.2009 notifies DGCEI officers as officers of Customs under Customs Act, 1962 with an all-India jurisdiction.

Validation clause has been taken in the Finance (No.2) Bill, 2009 to validate appointment of officers of customs under sub-section (1) of section 4 read with sub-section (1) of section 5 of Customs Act, 1962 and specifying their jurisdiction vide notification No. 27/2009-Customs (N.T.) dated 17.3.2009 and to validate action taken by such officer of customs on and from 9th May, 2000 as if their area of jurisdiction as specified in the said notification was in force at all material times (Clause 91 of the Finance (No.2) bill, 2009 refers).

M.9 Notification No. 40/2006-Customs dated 01.05.2006 has been amended retrospectively from its date of issue so as to allow the facility of rebate in respect of locally procured materials used in the manufacture of goods exported under the Duty Free Import Authorisation Scheme and carry out other related changes (Clause 92 of the Finance (No.2) bill, 2009 refers).

M.10 Section 3 of the Customs Tariff Act, 1975 has been amended to make provision for cases where the Central Government has fixed a tariff value under sub-section (2) of section 3 of the Central Excise Act, 1944, for the like article produced or manufactured in India for the collection of Central Excise duty. In such cases, it has been prescribed that the value of the imported article shall be deemed to be such tariff value for the purpose of assessment of additional duty of customs (Clause 93 of the Finance (No.2) bill, 2009 refers).

M.11 Section 8C of the Customs Tariff Act, 1975, has been amended retrospectively so as to extend the machinery provisions of the Customs Act, 1962 (52 of 1962) including those

CHAPTER 98

98.1 CVD exemption on Aerial Passenger ropeway projects has been withdrawn. [S. No 433(2) of notification No. 21/2002-Customs, amended vide notification No. 77/2009Customs refers].

MISCELLANEOUS AND LEGISLATIVE AMENDMENTS:

M.1 The import duty exemption provided for specified goods for manufacture of leather garments or textile garments for export is being extended to one more item (S. No. 167 of notification No. 21/2002-Customs as amended by notification No. 77/2009-Customs dated 07.07.2009 refers). However, the exemption will be subject to the existing overall value limit of 3% and other specified conditions.

M.2 The import duty exemption provided for specified goods imported for manufacture of leather goods, footwear etc. for export is being extended to ten more groups of items (S. No. 167A of notification No. 21/2002-Customs as amended by notification No. 77/2009-Customs

dated 07.07.2009 refers). However, the exemption will be subject to the existing overall value limit of 3% and other specified conditions.

M.3 Customs duty on five more specified items for use in manufacture of sports goods is being reduced to nil. [S. No. 583 of notification No. 21/2002-Customs amended vide notification No. 77/2009-Customs refers].

M.4 A new section 26A has been inserted in Customs Act, 1962 to provide for refund of import duty paid at the time of clearance for home consumption on imported goods found to be defective or otherwise not in accordance with specification agreed upon between the importer and the supplier of goods. Refund under this provision would be available only if the importer either exports the goods or relinquishes title and abandons them to customs or if the goods are destroyed so that they become commercially valueless. There are other conditions prescribed in the provision. These may be examined carefully and in case any operational difficulties are envisaged, the matter may be taken up with

Order Form

Yes ! Courier me the following today

- BIG's Easy Reference Customs Tariff 2009-2010**
(28th Budget Edition 2009); Edited by Arun Goyal;
ISBN: 81-86234-42-X; Rs. 1130
- Customs Tariff Database (CUSTADA) and Non Tariff Database (NONTADA) for India. CD consists of 574 files in the database.
(UPDATED TILL 07 JULY, 2009 and covers changes in the Final Budget 2009 (06 July 2009) Interim Budget 2009 as well as Interim Foreign Trade Policy)
Rs. 20,000 - 1 set CD includes free Daily/Weekly/Monthly updates for one year, choice is yours. Data CD not included in discount or Special Packages
- World Trade Scanner with BIG's Weekly Index of Changes** (Print)
Every Wednesday since 1984; ISSN: 0971-8095; Annual subscription Rs. 650
- Trade Payments under Documentary Credits and Collections –
New UCP 600 w.e.f 1 July 2007 (3rd Edition October, 2007) by GD Awasthi;
ISBN: 81-86234-40-3; Rs. 595
- Foreign Exchange International Finance Risk Management
by A V Rajwade; ISBN: 81-86234-29-2; 4th Edition, July 2004
(3rd Reprint Aug .2008); Rs. 470
- Website www.worldtradescanner.com
Membership fee: Currently free
- ABS Help Desk Service**
Membership Fee per year

| | | | |
|--|---|--|--|
| <input type="checkbox"/> Gold 2 Titles Free + Free Updates on Phone Rs 1500 | <input type="checkbox"/> Platinum 2 Titles Free + 24 hrs Response Time to Queries Rs 2000 | <input type="checkbox"/> Diamond 2 Titles Free + Information and Follow up Services on actuals Rs 4000 | <input type="checkbox"/> Double Diamond 2 Titles Free + Complete Outsourcing of Services to ABS on actual. Rs 5000 |
|--|---|--|--|

? Call ARUN GOYAL Director, ABS Help Desk Service at 011-3018 3435 (Office Hours) or 98100 79983 (Mob) for Help on Regulatory Affairs

E-Banking (RTGS Transfer) - Bank IFSC Code: ALLA0210411; A/c No.: 20018281357, Bank Name: Allahabad Bank, Darya Ganj Branch, New Delhi
Bank draft/cheque in the name of "Academy of Business Studies" for Rs enclosed/ follows: (Add Rs 40 for outstation cheques)

Name and Designation: _____

Company Name: _____

Address: _____

City: _____

Pin: _____

Tel: _____

Fax: _____

Email: _____

BIG's WEEKLY INDEX OF CHANGES

| | |
|--|------------|
| Budget Notes 2009-2010 – TRU Letter and Chapter wise Explanation Notes | 177 |
| I. CENTRAL EXCISE | 177 |
| II. CUSTOMS | 178 |
| EXPLANATORY NOTES (CUSTOMS) | 182 |
| CUSTADA and NONTADA Database for India in CD | 183 |

relating to, the date for determination of rate of duty, assessment, non-levy, short levy, refunds, interest, appeals, offences and penalties in respect of country specific safeguard duty (Clause 96 of the Finance (No.2) bill, 2009 refers).

Validation clause has been taken in the Finance (No.2) Bill, 2009 to validate certain actions taken under any rule, regulation, notification or order made or issued under the Customs Act, 1962 or any notification or order issued under such rule or regulation in respect of country specific safeguard duty at any time during the period commencing on and from the 11th May, 2002 and ending with the day, the Finance (No.2) Bill, 2009, receives the assent of the President (Clause 97 of the Finance (No.2) bill, 2009 refers).

Similar amendments have been carried out in the provisions relating to levy of other duties under the Customs Tariff Act, 1975 as per the following details:

| | |
|---|---|
| Section 8B of Safeguard Customs Tariff duty Act, 1975 | Clauses 94 & 95 of the Finance (No.2) bill, 2009 refer. |
|---|---|

| | |
|---|---|
| Section 9 of Countervailing duty Customs Tariff Act, 1975 | Clauses 98 & 99 of the Finance (No.2) bill, 2009 refer. |
|---|---|

| | |
|--|---|
| Section 9A of Anti-dumping Customs Tariff duty Act, 1975 | Clauses 100 & 101 of the Finance (No.2) bill, 2009 refer. |
|--|---|

M.12 Sub-section 1 of Section 9A of the Customs Tariff Act, 1975 has been amended to insert the words exporter or producer and a new sub-section 6A has also been inserted so as to provide that the margin of dumping in relation to articles exported by an exporter or producer shall be determined on the basis of records concerning normal value and export price maintained by such exporter or producer. In the case of an exporter who does not maintain records, the margin of dumping would be determined on the basis of facts. (Clause 100 of the Finance (No.2) bill, 2009 refers).

M.13 Para (A) of Section Note 2 of SECTION XI of First Schedule to Customs Tariff Act, 1975 has been amended so as to provide that Goods classifiable in Chapters 50 to 55 or in heading 5809 or 5902 and of a mixture of two or more textile materials, shall be classified as if consisting wholly of that one textile material which predominates by weight or any other single textile material. However, when no one textile material predominates by weight the goods are to be classified as if consisting wholly of that one textile material which is covered by the heading which occurs last in numerical order among those which equally merit consideration (Clause 102 of the Finance (No.2) bill, 2009 refers).