

Government increases basic customs duty rates on import of specified goods

September 28, 2018

In brief

With the objective of reducing current account deficit and curbing imports of specific non-essential items in India, Central Board of Indirect Taxes and Customs has notified¹ increase in basic customs duty rates of specified non-essential items apart from revising concessional customs duty benefit on such items.

These changes are operationalised from 27 September 2018 through notifications issued on 26 September 2018. The changes are outlined below.

In detail

Increase in basic customs duty rates for specified items²

Sl. No.	Item	Heading	Basic Customs Duty (%)	
			Upto 26 September 2018	From 27 September 2018
1.	Bath, shower bath, sink, wash basin, etc. of plastics	3922	10	15
2.	Articles of plastics for conveyance and packing such as boxes, case, containers, bottles, insulated ware etc.	3923	10	15
3.	Tableware, kitchenware and other household items of plastics	3924	10	15
4.	Miscellaneous items of plastics such as office stationery, fitting for furniture's, decorative sheets, statuettes, beads, bangles etc.	3926	10	15
5.	Radial car tyres	4011 10 10	10	15
6.	Trunks, suitcase, executive cases, brief cases, travel bags and other bags etc.	4202	10	15
7.	Footwears	6401 to 6405	20	25

¹ Notification Nos. 67, 68, 69 and 70/ 2018-Cus.

² Amendment in Serial No. 349, 350 and 351 of Notification No. 50/2017-Cus., dated 30 June 2017

Sl. No.	Item	Heading	Basic Customs Duty (%)	
			Upto 26 September 2018	From 27 September 2018
8.	Articles of jewellery and parts thereof, of precious metal or of metal clad with precious metal	7113	15	20
9.	Articles of goldsmith or silversmith wares and parts thereof of precious metal or of metal clad with precious metal	7114	15	20
10.	Compressor for air conditioners and refrigerators	8414 30 00/ 8414 80 11	7.5	10
11.	Air conditioners	8415	10	20
12.	Household refrigerators	8418	10	20
13.	Washing machines less than 10 kg	8450	10	20

Reduction in concessional basic customs duty benefit – precious stones³

Sl. No.	Item	Chapter	Upto 26 September 2018	From 27 September 2018
1.	Cut and polished coloured gemstones	71	5%	7.5%
2.	Diamonds including lab grown diamonds-semi-processed, half-cut or broken	71	5%	7.5%
3.	Non-industrial diamonds including lab-grown diamonds (other than rough diamonds)	71	5%	7.5%

Increase in basic customs duty rates for specified goods used in manufacture of mobile phones⁴

Sl. No.	Item	Tariff Item	Upto 26 September 2018	From 27 September 2018
1.	Speakers	8518 29 00	10%	15%

Withdrawal of exemption from basic customs duty⁵

Sl. No.	Item	Tariff Item	Upto 26 September 2018	From 27 September 2018
1.	Aviation turbine fuel	2710 19 20	Nil	5%

The takeaways

The increase in basic customs duty may have modest impact on current account deficit. Further, some of these items on import are eligible for benefit under existing Free Trade Agreements, hence, whether this measure alone will help curb the imports is something that remains to be seen.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact your local PwC advisor

³ Amendment in Serial No. 349, 350 and 351 of Notification No. 50/2017-Cus., dated 30 June 2017

⁴ Amendment in Serial No 18 of Notification No. 57/2017-Cus., dated 30 June 2018

⁵ Amendment in Serial No. 4 of Notification No. 52/2017-Cus., dated 30 June 2017 by Notification No. 70/2018-Cus., dated 26 September 2018

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