

Highlights of Union Budget 2014-15
Presented by Hon'ble Finance Minister on
10th July, 2014

Custom - Tariff

(A) Baggage Rules are being amended to:

- (i) Increase in free baggage allowance from Rs.35,000 to Rs.45,000.
- (ii) Reduction in the duty free allowance of
 - i. cigarettes from 200 to 100,
 - ii. cigars from 50 to 25 and
 - iii. tobacco from 250 gms to 125 gms.

(B) Proposals involving changes in rates of duty:

I. AGRICULTURE/AGRO PROCESSING/PLANTATION SECTOR:

- 1. Change of Description of the product "sun dried dark seedless raisins" with "dark seedless raisins" in notification No.12/2012- Customs, dated 17.03.2012, which attracts concessional Basic Customs Duty of 30%.
- 2. Full exemption from customs duty to de-oiled soya extract, groundnut oil cake/oil cake meal, sunflower oil cake/oil cake meal, canola oil cake/oil cake meal, mustard oil cake/oil cake meal, rice bran/rice bran oil cake and palm kernel cake, up to 31.12.2014.

II. CHEMICALS AND PETROCHEMICALS

- 1. Reduction in Basic Customs duty (BCD) on ;
 - a. reformates from 10% to 2.5%
 - b. propane, ethane, ethylene, propylene, butadiene from 5% to 2.5%
 - c. ortho-xylene from 5% to 2.5%.
 - d. denatured ethyl alcohol and methyl alcohol from 7.5% to 5%
 - e. crude naphthalene from 10% to 5%.
 - f. fatty acids, crude palm stearin, RBD and other palm stearin and specified industrial grade crude oils from 7.5% to Nil for manufacture of soaps and oleochemicals subject to actual user condition
 - g. crude glycerine from 12.5% to 7.5% in general and from 12.5% to Nil for manufacture of soaps subject to actual user condition

III. ENERGY SECTOR

1. The duty structure on non-agglomerated coal of various types is being rationalized at 2.5% BCD and 2% CVD. Accordingly, the BCD on Coking coal is being increased from NIL to 2.5% and on steam coal and bituminous coal from 2% to 2.5%. And reduction in BCD on anthracite coal and other coal from 5% to 2.5% and the CVD on Anthracite coal, Coking coal and other Coal from 6% to 2%.
2. Increase in BCD on metallurgical coke from Nil to 2.5%.
3. Exemption from BCD on re-gasified LNG for supply to Pakistan.
4. Retrospective Exemption from 08.02.2013 to Liquefied Propane and Butane mixture, Liquefied Propane, Liquefied Butane and Liquefied Petroleum Gases (LPG) imported by the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited, for supply to Non-Domestic Exempted Category (NDEC) customers.

IV. TEXTILES:

1. Increase in the duty free entitlement for import of trimmings & embellishments used by the readymade textile garment sector for manufacture of garments for export from 3% to 5%.
2. Inclusion of Non-fusible embroidery motifs or prints in the list of items eligible to be imported duty free for manufacture of garments for export.
3. Expansion in the list of specified goods required by handicraft manufacturer-exporters by including wire rolls so as to provide Customs Duty exemption on import by handicraft manufacturer-exporters.
4. Inclusion of Fusible embroidery motifs or prints, anti-theft devices, pin bullets for packing, plastic tag bullets, metal tabs, bows, ring and slider hand rings in the list of items eligible to be imported duty free for manufacture of handloom made ups or cotton made ups or manmade made ups for export.
5. Full exemption to specified goods imported for use in the manufacture of textile garments for export from BCD and CVD subject to the condition that the manufacturer produces an entitlement certificate from the Apparel Export Promotion Council. In addition, Indian Silk Export Promotion Council (ISEPC) is being authorised to issue entitlement certificate.
6. Reduction in BCD on raw materials for manufacture of spandex yarn viz. Polytetramethylene ether glycol (PT MEG) and Diphenylmethane 4,4 di-isocyanate (MDI) from 5% to Nil.

V. METALS:

1. Increase in BCD on stainless steel flat products (CTH 7219 and 7220) from 5% to 7.5%
2. Reduction of BCD on ships imported for breaking up reduced from 5% to 2.5%.
3. Increase in Export duty on bauxite from 10% to 20%.
4. Reduction in BCD on coal tar pitch from 10% to 5%.
5. Reduction in BCD on battery waste and battery scrap from 10% to 5%.
6. Reduction in BCD on steel grade limestone and steel grade dolomite from 5% to 2.5%.

VI. PRECIOUS METALS:

1. Increase in BCD on half-cut or broken diamonds from NIL to 2.5% and on cut & polished diamonds and colored gemstones from 2% to 2.5%.
2. Full exemption from Basic Customs Duty is being granted to pre-forms of precious and semi-precious stones.
3. The variation level and the parameter of measurement in respect of re-import of cut and polished diamonds after certification/grading from a foreign laboratory/agency are being increased as a trade facilitation measure.

VII. ELECTRONICS/HARDWARE:

1. Reduction in BCD on LCD and LED TV panels of below 19 inches from 10% to NIL.
2. Exemption is granted BCD on specified parts of LCD and LED panels for TVs.
3. Reduction in BCD on colour picture tubes for manufacture of cathode ray TVs from 10% to NIL.
4. Increased in BCD on specified telecommunication products not covered under the ITA (Information Technology Agreement) from NIL to 10%.
5. Exemption is granted in Special Additional Duty (SAD) on all inputs/components used in the manufacture of Personal Computers (laptops/ desktops) and tablet computers subject to actual user condition.
6. Levy of Education cess and Secondary and Higher Education (SHE) cess on imported electronic products.
7. Full exemption from Special Additional Duty (SAD) is being provided on specified inputs (PVC sheet & Ribbon) used in the manufacture of smart cards.
8. Reduction in BCD from 7.5% to NIL on E-Book readers.
9. Withdrawal of exemption of CVD on portable X-ray machine / system

VIII. RENEWABLE ENERGY:

1. Reduction in BCD from 10% to 5% on forged steel rings used in the manufacture of bearings of wind operated electricity generators.
2. Full exemption from Special Additional Duty is being provided on parts and components required for the manufacture of wind operated electricity generators.
3. Reduced in BCD on machinery, equipments, etc. required for setting up of solar energy production projects to 5%.
4. Full exemption from Basic Customs Duty is being provided on specified raw materials used in the manufacture of solar backsheet and EVA sheet.
5. Full exemption from Basic Customs Duty is being provided on flat copper wire used in the manufacture of PV ribbons (tinned copper interconnect) for solar PV cells/modules.
6. Concessional customs duty of 5% is being provided on machinery, equipments, etc. required for setting up of compressed biogas plant (Bio-CNG).

IX. CAPITAL GOODS/INFRASTRUCTURE:

1. Clarification regarding that road construction machinery imported duty free can be sold within 5 years of importation subject to payment of customs duty on depreciated value and that individual constituents of the consortium whose names appear in the contract can import goods without payment of duty.
2. State Governments concerned are being notified as sponsoring authority for Metro Rail Projects covered under the Project Import Regulations, 1986.
3. Plants & Equipment imported prior to 2008 for use in projects financed by the UN or an international organization, which hitherto could not be transferred / sold / re-exported out of the project site, are now being allowed to be transferred / sold / re-exported from the project site.
4. Removal of the requirement of certification by Ministry of Road Transport (or NHAI) for availing of customs duty exemption on specified goods required for construction of roads.
5. Authorization to Director (Electrical) to issue the requisite certificate to enable DMRC to avail Nil BCD and CVD benefits in respect of their Phase-1 and Phase-2 projects instead of Director (Rolling Stock, Electrical & Signaling) at present.

X. HEALTH

Full exemption from customs duty is being provided for HIV/AIDS drugs and diagnostic kits imported under National AIDS Control Programme (NACP) funded by the Global Fund to Fight AIDS, TB and Malaria (GFATM).

XI. SECURITY AND STRATEGIC PURPOSES:

1. Full exemption from Basic customs Duty is being provided to goods imported by National Technical Research Organization (NTRO).
2. Full exemption of customs duty is being provided on security fibre, security threads and M-feature imported by Bank Note Paper Mill India Private Limited (BNPMIPL), Mysore and from raw materials required for manufacture of security threads and security fibre subject to actual user condition.
3. Clarification on the scope of exemption granting full exemption from BCD and CVD on goods imported for use in the manufacture of aircrafts for the Ministry of Defence to the effect that the exemption is available to all materials in any form and articles thereof, subject to the overall condition that they conform to aeronautical specification accompanied with certificate of conformance/release note/airworthiness certificate for development.

XII. AIRCRAFTS & SHIPS:

Clarification on aircraft engines and parts thereof that is eligible for duty exemption when imported for servicing, repair or maintenance of aircrafts used for scheduled operations.

XIII. MISCELLANEOUS:

1. Tariff item 3903 19 90 is being deleted from notification No.10/2008-Customs, As a result, Increase in Basic Customs Duty on Polystyrene (other than moulding powder) from 1.15% to 7.5%.
2. Reduction in BCD from 5% to 2.5% on electrolyzers and their parts/spares required by caustic soda or caustic potash units and membranes and their parts/spares required by industrial plants based on membrane cell technology and also on other spares (other than membranes and parts thereof) from 7.5% to 2.5%.
3. A provision is being made for refund of Customs duty paid at the time of import of scientific and technical instruments, apparatus, etc. by public funded and other research institutions, subject to submission of a certificate of registration from the Department of Scientific & Industrial Research (DSIR).

4. Amendment in Section 8B of the Customs Tariff Act, 1975 so as to provide for levy of safeguard duty on inputs/raw materials imported by an EOU and cleared into DTA as such or are used in the manufacture of final products & cleared into DTA.

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