

# IDT - Custom Amendments in Union Budget 2026

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**UNION BUDGET 2026**

# Customs Act, 1962 (These changes will be effective from the date of assent of finance bill, 2026)

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- Sub-section (2) of section 1 of the Customs Act, 1962 is being amended to extend the jurisdiction of the said Act beyond the territorial waters of India, for the purpose of **fishing and fishing related activities.**
- In section 2, a new clause is being inserted to define the expression 'Indian-flagged fishing vessel.
- Sub-section (6) of section 28 is being amended so as to provide that the penalty paid under sub-section (5) of section 28, on determination under sub-section (6) thereof, shall be deemed to be a **charge for non-payment of duty.**

# Customs Act, 1962 (These changes will be effective from the date of assent of finance bill, 2026)

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- Sub-section (2) of section 28J is being amended so as to provide that advance ruling under sub-section (1) of that section shall remain valid for a period of five years or till there is a change in law or facts on the basis of which the **advance ruling** has been pronounced, whichever is earlier.
- A new section 56A is being inserted to provide special provisions for **fishing and fishing related activities** by an Indian-flagged fishing vessel beyond territorial waters of India. It also provides that fish harvested beyond the territorial waters of India may be brought into India free of duty and to treat fish that has landed at foreign port as export of goods in such manner as may be provided by rules.

# Customs Act, 1962 (These changes will be effective from the date of assent of finance bill, 2026)

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- Section 67 is being amended to do away with the requirement of prior permission of the proper officer under the said section for removal of warehoused goods from one custom bonded warehouse to another.
- Section 84 is being amended to enable the Board to make provisions for the custody of goods imported or to be exported under the regulations framed under this section (Import/export by post/courier).

# Changes in Customs Rules/ Processes

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- Baggage Rules, 2016 is being superseded by the **Baggage Rules, 2026** to rationalize the baggage provisions and addressing passenger related concerns at airports and resolution of interpretational issues. Further, honest taxpayers, willing to settle disputes will be able close cases by paying an additional amount in lieu of penalty.
- **Deferred duty payment** is being made monthly from the existing 15 days and a new class of 'eligible importers' is being created. This is being done by amending the existing Deferred Payment of Import Duty Rules, 2016.
- A special one-time measure, to facilitate sales by eligible manufacturing units in **SEZs to the Domestic Tariff Area (DTA)** at concessional rates of duty is proposed. The quantity of such sales will be limited to a prescribed proportion of their exports.

# Changes in Customs Rules/ Processes

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- The Custom processes to have minimal intervention for smoother and faster movement of goods.
- Further, Duty deferral period for Tier 2 and Tier 3 Authorised Economic Operators, known as AEOs, is to be enhanced from 15 days to 30 days. Same is extended to the eligible manufacturer-importers.
- Complete removal of the current value cap of ₹10 lakh per consignment on courier exports supports aspirations of India's small businesses, artisans and start-ups to access global markets through e-commerce.

# Changes in Customs Tariff

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- The limit for duty-free imports of specified inputs used for processing seafood products for export, to increase from the current 1 per cent to 3 per cent of the FOB value.
- The basic customs duty exemption given to capital goods used for manufacturing Lithium-Ion Cells for batteries to be extended.
- The basic customs duty on import of sodium antimonate for use in manufacture of solar glass to be exempted.
- The existing basic customs duty exemption on imports of goods required for Nuclear Power Projects to be extended till the year 2035.
- The basic customs duty to the import of capital goods required for processing of critical minerals to be exempted.
- The entire value of biogas while calculating the Central Excise duty payable on biogas blended CNG to be excluded.

# Changes in Customs Tariff

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- The basic customs duty on components and parts required for the manufacture of civilian, training and other aircrafts to be exempted.
- The basic custom duty on raw materials imported for manufacture of parts of aircraft to be used in maintenance, repair, or overhaul requirements by Units in the Defence sector to be exempted.
- The basic customs duty on specified parts used in the manufacture of microwave ovens to be exempted.
- The tariff rate on all dutiable goods imported for personal use to be reduced from 20 per cent to 10 per cent.
- The basic customs duty on 17 drugs/ medicines is to be exempted.
- Duty free personal import of drugs/ medicines and food for 7 more rare diseases.



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