



HIGHLIGHTS OF UNION BUDGET 2022-2023

Key Indirect Tax Proposals

➤ Special Economic Zones Act to be replaced

- Special Economic Zones Act is set to be replaced with a new legislation, under which Customs administration would be IT driven, and a Customs National Portal would be set up for this purpose. This is being done to encourage paperless processing and ease of doing business.

➤ Legislative Changes in the Customs provisions

- **Retrospective Amendment** to designate investigating and audit officers of customs, as 'proper officers' of customs. Thus, enabling them to issue notices and re-open concluded assessments and overcoming the disputes arising consequent to the Supreme Court ruling in the case of **Canon India**.
- Board has been empowered to impose **additional obligations on importers of certain goods**, where there is a reason to doubt the correctness of the declared value. Presumably, the declared value may be rejected if the importer is unable to meet these obligations.
- Amendments in **Goods Concessional Rate of Duty (IGCR) Rules, 2017** to automate procedure, online submission of information, standardised forms, periodical statements to be uploaded on the common portal.
- Advance Ruling under Customs law are now valid only for 3 years or till there is a change in law or facts, whichever is earlier.
- Any publication of import and export data is now an offence attracting imprisonment of six months or fine or both.

➤ Customs Duty Rates

- **Exemption to capital goods withdrawn.** About 350 customs duty exemptions to be withdrawn and more than 40 project import exemptions to be phased out. Capital goods have enjoyed concessional duties since decades. The power, fertiliser, textiles, leather, footwear, and food processing sectors are expected to be affected.
- Duty on inputs for mobile phones, chargers and adapters reduced to boost domestic manufacturing.
- Under **Phased Manufacturing Program**, nil duty has been specified for parts of **wearable devices, and hearable devices** with duties increasing in phased manner.

- **Antidumping (AD) revoked on Bars and Rod of Alloy Steel, High Speed Steel of Non-Cobalt Grade, Flat rolled products of Steel** as international prices of steel products especially in China are quite high. **CVD on HR and CR stainless steel flat products also revoked.**
- Other increase in rates include microbial fats and oils, loudspeakers, headphones, photovoltaic cells not assembled in modules, solar modules, parts, or components used in manufacture of tablet or computer, electric generator sets, and rotary converters, drugs or medicines used for treatment of rare disease.
- Exemptions on import of Scrap of Steel and Iron have been extended till March 31 ,2023 @ 2.5%.

➤ **Goods and Services Tax (GST)**

- **Transfer of Balance Credits in Cash Ledger allowed** between distinct persons i.e., between GST registrations of the same legal entity, provided the supplier has no dues.
- Two-way communication process in return filing, and system of provisional credits pending confirmation or matching of entries between supplier and recipient withdrawn, **credit to be taken on self-assessment basis.**
- The details of inward supplies and input credits to be communicated to the recipient by an auto populated statement. **Credit admissible only on credits not restricted by the supplier** in the statement.
- **Time for Availment of input credits and issuance of credit notes, return under Section 39 extended by 2 months** (upto 30 November) for the previous financial year.
- Government empowered to prescribe the **maximum proportion of output tax liability which may be discharged through the electronic credit ledger** and restrict refunds, in case of pending dues.
- **Relevant date** regarding filing of refund claim, clarified in respect of supplies made to SEZ developer / unit.
- **Retrospective amendment** for levy of interest on **wrongly availed and utilised** credit with effect from July 1, 2017, along with interest @ 18%.
- **Retrospective declaration** that grants of **alcoholic liquor license** on payment of a fee or consideration paid to State government, for the period 1 July 2017 till 30 September 2019 shall **not be treated as a supply** of goods or service. No refund of tax already collected. Similar declaration for meal of fish waste.

➤ **Excise**

- Unblended fuel to be subjected to additional excise duty of INR 2 per litre to promote blended fuels.
- List of goods covered under the **Retail Sale Price Valuation** pruned to cover only specified goods viz. Chewing Tobacco and preparations containing the same Jarda, Scented Tobacco and Pan Masala containing Tobacco.

Trust the above note is informative and helpful. If you have any queries or would like to discuss in detail, please feel free to connect with our Tax team



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