

Changes in Compensation Cess Rate Notification w.r.t. supply of certain goods from January 01, 2022 to align it with HS 2022

Background:

Earlier, the CBIC issued **Notification No.1/2017-Compensation Cess (Rate) dated June 28, 2017** (“the Compensation Cess Rate Notification”) in order to notify the rate of GST compensation cess to be levied on the intra-State supplies or inter-State supplies of certain goods mentioned therein.

Further, the new (seventh) edition of the Harmonized System (HS) nomenclature i.e., HS-2022, has come into force from January 01, 2022. This edition has introduced significant changes to the Harmonized System with a total of 351 amendments at the six-digit level, covering a wide range of goods moving across borders.

As India is a party to the HS convention, necessary changes were brought in accordingly, in GST through the below mentioned notification:

Notification:

The CBIC vide **Notification No. 2/2021-Compensation Cess (Rate) dated December 28, 2021** has amended the relevant entries of the Compensation Cess Rate Notification w.e.f. January 1, 2022, in the following manner:

S. No.	Old HSN	Old Entry	New HSN	New Entry
25	2403 91 00	Homogenised” or “reconstituted” tobacco, bearing a brand name	2403 91 00 or 2404 11 00	Homogenised” or “reconstituted” tobacco, bearing a brand name
37	2403 99 90	All goods, other than pan masala containing tobacco	2403 99 90 or 2404 11 00 or	All goods, other than pan masala containing tobacco 'gutkha', bearing a brand name

		'gutkha', bearing a brand name	2404 19 00	
38	2403 99 90	All goods, other than pan masala containing tobacco 'gutkha', not bearing a brand name	2403 99 90 or 2404 11 00 or 2404 19 00	All goods, other than pan masala containing tobacco 'gutkha', not bearing a brand name
54	8802	Other aircraft (for example, helicopters, aeroplanes), for personal use.	8802 or 8806	Other aircraft (for example, helicopters, aeroplanes), for personal use.

The Notification can be accessed at: <https://www.cbic.gov.in/resources//htdocs-cbec/gst/Compensation Cess02 2021 rate eng.pdf>

Our comments:

Similar changes have been adopted in Custom Tariff Act, 1975 from January 01, 2022 so as to align the same with HS 2022 vide *D.O.F.No.524/11/2021-STO(TU) dated December 20, 2021*

The Letter can be accessed at: <https://www.a2ztaxcorp.com/wp-content/uploads/2021/12/Letter-vide-D.O.F.No .524112021-STOTU-dated-December-20-2021.pdf>

The HSN Amendments chapter wise can be accessed at: <https://www.a2ztaxcorp.com/wp-content/uploads/2021/12/HSN-Amendments-Chapterwise-from-Jan-1-2022.pdf>

Correlation of Customs Tariff between 2021-2022 can be accessed at: https://www.cbic.gov.in/resources//htdocs-cbec/deptt_offcr/Guidance%20Document%20on%20Correlation%20of%20Customs%20Tariff%20between%202021%20and%202022.pdf

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