

ANALYSIS OF FINANCE BILL, 2024 AMENDMENTS IN INDIRECT TAXES



BRIEF OF AMENDMENTS MADE BY FINANCE BILL 2024.

- The Finance Bill 2024 (Bill No.2 of 2024) Presented by Hon'ble Finance Minister Smt. Nirmala Sitaraman on 23/07/2024 and will be enacted after getting consent of President of India.
- The effective date of changes are as follows:
 - Clauses from 100 to 106 will be effective from the date of enactment of the Finance Bill.
 - Clauses 107 of the Finance Bill 2024 deals with import duty rate changes. Certain rate changes are effective from 24th July, 2024 itself whereas certain rate changes are effective from 1st October, 2024.

AMENDMENTS IN CUSTOMS ACT, 1962



1. BUDGET CLAUSE 100 AMENDS SECTION 28DA OF CUSTOMS ACT, 1962

Amendment -

In section 28DA(2) and subsection (10) (ii), (iii) and (iv) in clause (34), for the word “certificate”, the word “proof” shall be substituted. Further, for clause (a) definition of “proof of origin” has been substituted and for clause (c) definition of “Issuing Authority” has been substituted.

Analysis-

Section 28DA is being amended to accept various **proof of origin documents** allowed in terms of new trade agreements. These trade agreement allow importers **to self-certify** the origin of the goods for claiming concessionary duty benefits in terms of the said trade agreements.

Amended Provision (only relevant provisions)-

Section 28DA- Procedure regarding claim of preferential rate of duty.

(2) The fact that the importer has submitted a proof of origin issued by an Issuing Authority shall not absolve the importer of the responsibility to exercise reasonable care.

1. BUDGET CLAUSE 100 AMENDS SECTION 28DA OF CUSTOMS ACT, 1962

(10) Notwithstanding anything contained in this section, the preferential tariff treatment may be refused without verification in the following circumstances, namely:-

- (i) the tariff item is not eligible for preferential tariff treatment;
- (ii) complete description of goods is not contained in the proof of origin;
- (iii) any alteration in the proof of origin is not authenticated by the Issuing Authority;
- (iv) the certificate of origin is produced after the period of its expiry, and in all such cases, the proof of origin shall be marked as "INAPPLICABLE".

Applicable WEF-

Date of enactment of Finance Bill 2024.

2. BUDGET CLAUSE 101 AMENDS SECTION 65 OF CUSTOMS ACT, 1962

Amendment-

A proviso to section 65 has been inserted to specify certain class of goods in respect of which **manufacturing and other operations** shall not be permitted in a warehouse.

Analysis-

Recently in a judgement of Hon'ble Delhi High Court it was observed that MOOWR scheme is also available to solar industries on the ground that there is no provision which restricts MOOWR scheme for certain sectors/goods. To give powers for restricting MOOWR scheme for certain sectors/goods, the provision is introduced.

Amended Provision (only relevant provisions)-

Section 65- Manufacture and other operations in relation to goods in a warehouse

(1) With the permission of the Principal Commissioner of Customs or Commissioner of Customs and subject to the provisions of section 65A and such conditions as may be prescribed the owner of any warehoused goods may carry on any manufacturing process or other operations in the warehouse in relation to such goods.

2. BUDGET CLAUSE 101 AMENDS SECTION 65 OF CUSTOMS ACT, 1962

“Provided that the Central Government may, if satisfied that it is necessary in the public interest so to do, by notification in the Official Gazette, specify the manufacturing processes and other operations in relation to a class of goods that shall not be permitted in a warehouse.”

Applicable WEF-

Date of enactment of Finance Bill 2024.

3. BUDGET CLAUSE 102 AMENDS SECTION 143AA OF CUSTOMS ACT, 1962

Amendment-

In the Customs Act, in section 143AA, after the words “importers or exporters”, the words “or any other persons,” shall be inserted.

Analysis-

A residuary class is being created so as to cover customs broker, customs agent, mediator, etc. for the purposes of notifying different procedure if needed.

Amended Provision (only relevant provisions)-

Section 143AA- Power to simplify or provide different procedure, etc., to facilitate trade-

Notwithstanding anything contained in any other provision of this Act, the Board may, for the purposes of facilitation of trade, take such measures or prescribe separate procedure or documentation for a class of importers or exporters or any other persons or for categories of goods or on the basis of the modes of transport of goods, in order to,-

3. BUDGET CLAUSE 102 AMENDS SECTION 143AA OF CUSTOMS ACT, 1962

- (a) maintain transparency in the import and export documentation; or
- (b) expedite clearance or release of goods entered for import or export; or
- (c) reduce the transaction cost of clearance of importing or exporting goods; or
- (d) maintain balance between customs control and facilitation of legitimate trade.]

Applicable WEF-

Date of enactment of Finance Bill 2024.

4. BUDGET CLAUSE 103 AMENDS SECTION 157 OF CUSTOMS ACT, 1962

Amendment-

In the Customs Act, in section 157(2)(m), after the words “importers or exporters”, the words “or “any other persons,” shall be inserted.

Analysis-

A residuary class is being created so as to cover customs broker, customs agent, mediator, etc. for the purposes of notifying different regulations if needed.

Amended Provision (only relevant provisions)-

Section 157. General power to make regulations -

(2)(m)- the measures and separate procedure or documentation for a class of importers or exporters or any other persons or categories of goods or on the basis of the modes of transport of goods.

Applicable WEF-

Date of enactment of Finance Bill 2024.

AMENDMENTS IN THE CUSTOMS TARIFF ACT, 1975



5. BUDGET CLAUSE 106 AMENDS SECTION 6 OF CUSTOMS TARIFF ACT, 1975

Amendment -

Section 6 shall be omitted.

Analysis-

Section 6 which deals with the calculation of additional duty on imported article has been omitted. Since the tariff committee is no more functioning on the recommendation of which additional duty is levied and as such there is no requirement of this particular provision. It is relevant to note that last notification in terms of this section was issued way back in year 2016.

Applicable WEF-

Date of enactment of Finance Bill 2024.

6. BUDGET CLAUSE 107(A) AMENDS FIRST SCHEDULE OF CUSTOMS TARIFF ACT, 1975

Amendment -

The First Schedule shall be amended in the manner prescribed.

Analysis-

- First schedule which deals with the imports tariff has been amended and various tariff rates as prescribed has been increased as detailed below.

S. No	Heading, sub-heading, tariff item	From (%)	To (%)
1	39203921	10	25
2	66011000	20	20 or Rs. 60/pc-higher
3	98020000	10	150

Applicable WEF-

Effective immediately by issuing notification under Provisional Collection of Taxes Act, 2023.

7. BUDGET CLAUSE 107(B) AMENDS FIRST SCHEDULE OF CUSTOMS TARIFF ACT, 1975

Amendment-

The First Schedule shall be amended in the manner prescribed.

Analysis-

- First schedule which deals with the imports tariff has been amended and various tariff rates as prescribed has been increased.

S. No	Heading, sub-heading, tariff item	From (%)	To (%)
1	20081920	30	150
2	20081930	30	150

Applicable WEF-

This shall come into effect from 1.10.2024.

AMENDMENTS IN THE CENTRAL EXCISE ACT, 1944



8. BUDGET CLAUSE 109 AMENDS NOTIFICATION- 12/2017 U/S 5A OF CENTRAL EXCISE ACT, 1944

Amendment –

In the said Notification –

- after the words “the Central Excise Act, 1944 (1 of 1944)”, the words “read with section 83 of the Finance Act, 2010 (14 of 2010)” shall be inserted.
- after the words “Central Excise Act”, the words “and Clean Environment Cess leviable thereon under the said Finance Act” shall be inserted.
- after clause (b), the following clause shall be inserted, namely:— “(c) the appropriate goods and services tax compensation cess, wherever applicable, shall be payable on such goods, if cleared on or after the 1st July, 2017 as leviable on such goods under the Goods and Services Tax (Compensation to States) Act, 2017 (15 of 2017)”.

8. BUDGET CLAUSE 109 AMENDS NOTIFICATION- 12/2017 U/S 5A OF CENTRAL EXCISE ACT, 1944

Analysis of amendment-

- Even though the excise duty is payable on manufacture of goods but considering the transition into GST regime, excise duty and various other incidental duties were exempted for the goods in stock as on 30.06.2017.
- It has been decided to extend the exemption of Clean Environment Cess on these goods on the condition that GST compensation cess (if applicable) along with applicable GST is paid on such goods when supplied.

Applicable WEF-

Effective retrospectively from 30.06.2017.

Thank You.....

