SALIENT FEATURES

CUSTOMS BUDGETARY MEASURES 2011-12

Policy Objectives:

- Equity in tax system.
- Industrial incentives for growth and expansion through reduced cost of raw materials.
- Tariff rationalization to facilitate trade.
- Amendments in legal provisions to remove arbitrage and ambiguity.
- Export promotion.

1. Relief Measures:

a. Removal of Regulatory duty, particularly on edible items.
b. Reduction of duty to 5% on pharmaceutical raw materials to provide relief to common man.

2. Incentives to Local Industry:

a. Concession for butyl acetate industry through concession on import of its raw materials (Sabutol)
b. Incentives for glass industry through concession on its two major raw materials namely "mirror backing paint" and "waste / scrap of glass".
c. Incentive for CNG compressors manufacturing industry through concession on its 15 components.
d. Concession in machinery and equipment to incentivize oil exploration companies.
e. Concession on raw material of audio cassettes.
f. Incentive for hi-tech car audio manufacturing industry through concession on import of mechanism for car audio system.
g. Corrections in industrial SRO 565(I)/2006 to ensure expeditious clearance.

3. Tariff rationalization:

a. Tariff rationalization on bars, rods and profiles of refined copper and copper alloy.
b. Corrections in descriptions of PCT codes 2923.9010 and 2930.9060.
c. Creation of separate PCT codes for brass scrap and armoured cash carrying vehicle.
d. Tariff correction to remove ambiguity in re-import scheme.

4. Legal Changes in Customs Act, 1969:

The following legal changes have been made in the Customs Act, 1969:-

a. Reference to section 32 is deleted from section 15 of the Act to remove arbitrage and eliminate the possibility of any miscarriage of justice through its misuse.
b. In order to provide incentives to local manufacturers and suppliers of domestic goods against international tenders, section 21(c) is amended to treat these supplies as exports. This would entitle supplies against international tenders to customs duty draw back (rebate).
c. The limitation period under section 32 of the Act is extended upto five years for taking cognizance of offences relating to short-paid duty and taxes in cases unearthed during audit.
d. In order to mitigate hardships of persons who have wrongfully deposited duty, the limitation period for refund under section 33 of the Act will be from the date of finalization of the case (order / decision / judgment).
e. The grant of transit facility has increased Customs facilitation and allied operations manifold. In order to provide self-sustaining infrastructure and services at customs stations and en-route, an enabling provision for collection of transit fee has been provided under new section 129A in the Customs Act, 1969.