

## Amendments relating to Indirect Taxes

### B. LEGISLATIVE CHANGES IN GST LAWS

#### B.1 Decriminalisation :

- raise the minimum threshold of tax amount for launching prosecution under GST from ` one crore to ` two crore, except for the offence of issuance of invoices without supply of goods or services or both;
- reduce the compounding amount from the present range of 50 per cent to 150 per cent of tax amount to the range of 25 per cent to 100 per cent;
- decriminalize certain offences specified under clause (g), (j) and (k) of sub-section (1) of section 132 of CGST Act, 2017, viz.-
  - obstruction or preventing any officer in discharge of his duties;
  - deliberate tempering of material evidence;
  - failure to supply the information.

#### B.2 Facilitate e-commerce for micro enterprises

Amendments are being made in section 10 and section 122 of the CGST Act to enable unregistered suppliers and composition taxpayers to make intra-state supply of goods through E- Commerce Operators (ECOs), subject to certain conditions.

#### B.3 Amendment to Schedule III of CGST Act, 2017

Paras 7, 8 (a) and 8 (b) were inserted in Schedule III of CGST Act, 2017 with effect from 01.02.2019 to keep certain transactions/ activities, such as supplies of goods from a place outside the taxable territory to another place outside the taxable territory, high sea sales and supply of warehoused goods before their home

clearance, outside the purview of GST. In order to remove the doubts and ambiguities regarding taxability of such transactions/ activities during the period 01.07.2017 to 31.01.2019, provisions are being incorporated to make the said paras effective from 01.07.2017. However, no refund of tax paid shall be available in cases where any tax has already been paid in respect of such transactions/ activities during the period 01.07.2017 to 31.01.2019.

**B.4 Return filing under GST**

Sections 37, 39, 44 and 52 of CGST Act, 2017 are being amended to restrict filing of returns/ statements to a maximum period of three years from the due date of filing of the relevant return / statement.

**B.5 Input Tax Credit for expenditure related to CSR**

Section 17(5) of CGST Act is being amended to provide that input tax credit shall not be available in respect of goods or services or both received by a taxable person, which are used or intended to be used for activities relating to his obligations under corporate social responsibility referred to in section 135 of the Companies Act, 2013.

**B.6 Sharing of information**

A new section 158A in CGST Act is being inserted to enable sharing of the information furnished by the registered person in his return or application of registration or statement of outward supplies, or the details uploaded by him for generation of electronic invoice or E-way bill or any other details on the common portal, with other systems in a manner to be prescribed

**B.7 Amendments in section 2 clause (16) of IGST Act, 2017**

Clause (16) of section 2 of IGST Act is amended to revise the definition of “non-taxable online recipient” by removing the condition of receipt of online information and database access or retrieval services for purposes other than commerce, industry or any other business or profession so as to provide for taxability of OIDAR service provided by any person located in non-taxable territory to an unregistered person receiving the said services and located in the taxable territory. Further, it also seeks to clarify that the persons registered solely in terms of clause (vi) of Section 24 of CGST Act shall be treated as unregistered person for the purpose of the said clause.

**B.8 Online information and database access or retrieval services** Clause (17) of section 2 of IGST Act is being amended to revise the definition of “online information and database access or retrieval services” to remove the condition of rendering of the said supply being essentially automated and involving minimal human intervention.

**B.9 Place of supply in certain cases** Proviso to sub-section (8) of section 12 of the IGST Act is being omitted so as to specify the place of supply, irrespective of destination of the goods, in cases where the supplier of services and recipient of services are located in India.

## C. CUSTOMS DUTY RATE CHANGES

C.1. Reduction in basic customs duty to reduce input costs, deepen value addition, to promote export competitiveness, correct inverted duty structure so as to boost domestic manufacturing etc [with effect from 02.02.2023]

S. No.	Commodity	From (per cent)	To (per cent)
<b>I.</b>	<b>Agricultural Products</b>		
1.	Pecan Nuts	100	30
2.	Fish meal for manufacture of aquatic feed	15	5
3.	Krill meal for manufacture of aquatic feed	15	5
4.	Fish lipid oil for manufacture of aquatic feed	30	15
5.	Algal Prime (flour) for manufacture of aquatic feed	30	15
6.	Mineral and Vitamin Premixes for manufacture of aquatic feed	15	5
7	Crude glycerin for use in manufacture of Epichlorohydrin	7.5	2.5
8	Denatured ethyl alcohol for use in manufacture of industrial chemicals.	5	Nil
<b>II.</b>	<b>Minerals</b>		
1	Acid grade fluorspar (containing by weight more than 97 per cent of calcium fluoride)	5	2.5
<b>III.</b>	<b>Gems and Jewellery Sector</b>		
1.	Seeds for use in manufacturing of rough lab-grown diamonds	5	Nil

<b>IV.</b>	<b>Capital Goods</b>		
1.	Specified capital goods/machinery for manufacture of lithium-ion cell for use in battery of electrically operated vehicle (EVs)	As applicable	Nil (up to 31.03.2024)
<b>V.</b>	<b>IT and Electronics</b>		
1.	Specified chemicals/items for manufacture of Pre-calcined Ferrite Powder	7.5	Nil (up to 31.03.2024)
2.	Palladium Tetra Amine Sulphate for manufacture of parts of connectors	7.5	Nil (up to 31.03.2024)
3.	Camera lens and its inputs/parts for use in manufacture of camera module of cellular mobile phone	2.5	Nil
4.	Specified parts for manufacture of open cell of TV panel	5	2.5
<b>VI.</b>	<b>Electronic Appliances</b>		
1.	Heat coil for manufacture of electric kitchen chimneys	20	15
<b>VII.</b>	<b>Others</b>		
1.	Warm blood horse imported by sports person of outstanding eminence for training purpose	30	Nil
2.	Vehicles, specified automobile parts/components, sub-systems and tyres when imported by notified testing agencies, for the purpose of testing and/ or certification, subject to conditions.	As applicable	Nil

**C.2. Increase in Customs duty [with effect from 02.02.2023]**

S. No.	Commodity	Rate of duties	
		From (per cent)	To (per cent)
<b>I.</b>	<b>Chemicals</b>		
1.	Styrene	2 (+0.2 SWS)	2.5 (+0.25 SWS)
2.	Vinyl chloride monomer	2 (+0.2 SWS)	2.5 (+0.25 SWS)
<b>II</b>	<b>Petrochemical</b>		
1	Naphtha	1 (+ 0.1 SWS)	2.5 (+0.25 SWS)
<b>III.</b>	<b>Precious Metals</b>		
1.	Silver (including silver plated with gold or platinum), unwrought or in semi-manufactured forms, or in powder form	7.5 (+ 2.5 AIDC+ 0.75 SWS)	10 (+ 5 AIDC+ Nil SWS)
2.	Silver dore	6.1 (+ 2.5 AIDC+ 0.61 SWS)	10 (+ 4.35 AIDC+ Nil SWS)
<b>IV.</b>	<b>Gems and Jewellery Sector</b>		
1.	Articles of Precious Metals such as gold/silver/platinum	20 (+Nil AIDC +2 SWS)	25 (+Nil AIDC +Nil SWS)
2.	Imitation Jewellery	20 or ` 400/kg., whichever is higher  (+Nil AIDC +2 or ` 40 per Kg SWS)	25 or ` 600/kg., whichever is higher  (+Nil AIDC +Nil SWS)

S. No.	Commodity	Rate of duties	
		From (per cent)	To (per cent)
<b>V.</b>	<b>Automobiles</b>		
1	Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form	30 (+3 SWS)	35 (+Nil SWS)
2	Vehicle in Completely Built Unit (CBU) form, other than with CIF more than USD 40,000 or with engine capacity more than 3000 cc for petrol-run vehicle and more than 2500 cc for diesel-run vehicles, or with both	60 (+6 SWS)	70 (+Nil SWS)
3	Electrically operated Vehicle in Completely Built Unit (CBU) form, other than with CIF value more than USD 40,000	60 (+ 6 SWS)	70 (+Nil SWS)
<b>VI.</b>	<b>Others</b>		
1.	Bicycles	30 (+ Nil AIDC +3 SWS)	35 (+ Nil AIDC +Nil SWS)
2.	Toys and parts of toys (other than parts of electronic toys)	60 (+Nil AIDC+ 6 SWS)	70 (+Nil AIDC+ Nil SWS)
3.	Compounded Rubber	10	25 or ` 30/kg., whichever is lower
4.	Electric Kitchen Chimney	7.5	15

\* AIDC -Agriculture Infrastructure Development Cess; SWS – Social Welfare Surcharge

## **D. CHANGES IN CENTRAL EXCISE**

### **D.1. NCCD Duty rate on Cigarettes [with effect from 02.02.2023]**

<b>Description of goods</b>	<b>Rate of excise duty</b>	
	<b>From</b> <b>(` per 1000 sticks)</b>	<b>To</b> <b>(` per 1000 sticks)</b>
Other than filter cigarettes, of length not exceeding 65 mm	200	230
Other than filter cigarettes, of length exceeding 65 mm but not exceeding 70 mm	250	290
Filter cigarettes of length not exceeding 65 mm	440	510
Filter cigarettes of length exceeding 65 mm but not exceeding 70 mm	440	510
Filter cigarettes of length exceeding 70 mm but not exceeding 75 mm	545	630
Other cigarettes	735	850
Cigarettes of tobacco substitutes	600	690

### **D.2. Other changes in Central Excise [with effect from 02.02.2023]**

In order to promote green fuel, central excise duty exemption is being provided to blended Compressed Natural Gas from so much of the amount as is equal to the GST paid on Bio Gas/Compressed Bio Gas contained in the blended CNG.

## **E. OTHERS**

There are few other changes of minor nature. For details of the budget proposals, the Explanatory Memorandum and other relevant budget documents may be referred to.