

# **SALIENT FEATURES**

## **CUSTOMS BUDGETARY MEASURES 2010-11**

### **Policy Objectives:**

- Relief to general public
- Minimizing the cost of doing business.
- Industrial incentives for growth and expansion.
- Boosting the export oriented sectors.
- Amendments in legal provisions to make them more transparent and simple.

### **1. Relief Measures:**

- a. Reduction of customs duty on crude palm oil from Rs.9,000/MT to Rs.8,000/MT to decrease cost of vegetable ghee and oil.
- b. Exemption of customs duty on import of photographic plates and film for X-ray to lower cost of medical diagnoses for general public.
- c. Reduction of duty to 5% on pharmaceutical raw materials and drugs to provide relief to common man.
- d. Reduction of duty on equipment for dedicated use of renewable energy to encourage use of renewable energy resources.
- e. Reduction of duty on raw materials for laundry soap and detergent to provide relief to general public.
- f. Concession of customs duty on import of Road Sweeping Lorries to increase efficiency of municipal and local governments.
- g. Exemption of customs duty on import of fully dedicated LPG buses and dispensing equipment to encourage use of cheaper environment friendly fuel.

### **2. Incentive to Local Industry:**

- h. Exemption of customs duty on import of raw materials/components for energy saving lamps to support its local manufacturers.
- i. Exemption of customs duty and sales tax on rice processing machinery to boost value addition and export of rice.
- j. Reduction of duty on raw materials of leather industry to encourage leather exports.
- k. Reduction of duty on raw materials of glass industry to make them more competitive.
- l. Reduction of duty on secondary quality tin mill black plate for manufacturers of tin plate to reduce their manufacturing cost.
- m. Exemption of duty on milk filters to support dairy industry .

**3. Tariff rationalization:**

- n. Exemption of duty on other than pure bred breeding animals to bring their duty at par with pure bred breeding animals.
- o. Rationalization of duty on glucose and glucose syrup to avoid misdeclaration.
- p. Rationalization of duty on prepared industrial colours to rationalize their duty structure.
- q. Inclusion of LED T.V. in industry specific concessionary regime to encourage their local manufacturing.
- r. Levy of 5% concessionary duty on copper & aluminum tubes and electro galvanized steel sheets if imported by manufacturers of evaporators and washing machines.
- s. Exemption of duty on silk yarn spun from other than silk waste to rationalize tariff.
- t. Rationalization of duty on two PCTs of adhesives.

**4. Miscellaneous:**

- u. Creation of separate PCT code for auto parts scrap in pressed bundles to streamline its clearance process.
- v. Correction of PCT code for asphalt paver.
- w. Correction in description of PCT codes 6813.2010 & 6813.8110.
- x. Rationalization of PCT code 3920.6300 with Pak-China FTA.

**5. Legal Changes in Customs Act, 1969**

- a. Keeping in view the change in rate of exchange of US \$ vis-à-vis Pak rupees and increase in prices of gold and other items the limit for taking cognizance under the smuggling related provisions is being enhanced from Rs.50,000/- to Rs.150,000/-.
- b. The valuation formula for the goods to be exported is being simplified by including regulatory duty instead of export duty in section 25 in sub-section (15)(b).
- c. The customs value determined under section 25A shall be applicable until and unless revised or superseded or rescinded by the competent authority.
- d. Section 25D is being elaborated by inserting the words “under section 25A” in order to clarify that review application before Director General Valuation shall lie in cases of the values determined by Director Valuation or Collector of Customs under section 25A. For filing a review application

under section 25D, the time period of 30 days from the date of determination of customs value is being fixed.

- e. Section 32 is being amended so that cognizance could be taken in cases where revenue is paid through self assessment in order to curb the tendency of mis-declaration and less payment of revenue through computerized clearance system.
- f. Section 32A is being amended by inserting words and comma “payment of revenue through self-assessment,” to curb the tendency of deliberate wrong self-assessments on the part of the importers.
- g. Proviso to sub-section (1) of section 79 is being amended in order to restrict the facility of filing of goods declaration after examining the goods by the importer to only in case of used goods. Besides, the permission for filing of goods declaration after examination of goods can now only be granted by the Additional Collector.
- h. Section 81, sub-section (2) is being amended in order to finalize the cases of provisional assessment within three months.
- i. Section 81, sub-section (4) is being amended in order to streamline procedure for passing an order after final determination of provisional assessment.
- j. Section 156, sub-section (1), is being amended to enhance the general penalty to the extent of Rs.50,000/-.
- k. Section 156, sub-section (1), clause (64) is being amended to enhance the penalty to the extent of not less than twice the value of the offending goods besides the confiscation of goods for violation of section 128 and 129 of Customs Act, 1969. This penalty will create a deterrence vis-à-vis the smuggling of transit trade goods.
- l. In section 194A, sub-section (1), a new clause (e) is being added which would enable any person or an officer of Customs to file an appeal before the Appellate Tribunal in cases of review order passed by the Director General Customs Valuation under section 25D provided the appeal is heard by the double bench of the Appellate Tribunal.