



India Global Trade Advisory Newsletter

Delivering clarity

I. Budget updates

- On the customs front, the focus of the Union Budget 2021 was on promoting 'Make in India' and taking measures to facilitate trade. In the Budget speech, the Finance Minister mentioned that the thrust is now on easy access of raw materials and exports of value-added products from India.
- In Budget 2021, the tax rates under customs have been rationalised per different sectors, including electronic and mobile phone; iron and steel; textile; and chemicals and renewable energy. Further, the Government has proposed some legislative changes to enhance trade facilitation and promote 'Make In India'. Click [here](#) to read the detailed budget publication on Union Budget 2021.
- Here are the major legislative changes announced in the Budget on the customs front:

A. Changes in Indian Customs Act

- a) **Introduction of the common customs electronic portal:** A new provision has been introduced to empower the central government to notify a common customs electronic portal. The portal can be used to facilitate registrations, file entry/shipping bills, make payment of duty, and meet other notified purposes. Also, notices, orders, summons, etc., can be served by making them available on the common customs electronic portal. Also, on 29 March 2021, the Government has notified <https://www.icegate.gov.in> as a common customs electronic portal.
- b) **Revised time limit for filing the bill of entry:** The time limit to file the bill of entry has been advanced by two days. Now, the bill of entry needs to be filed before the end of the preceding day (including holiday) from the day of arrival of goods. Earlier, the time allowed was until the end of the succeeding day (excluding holidays) from the day of arrival of goods. Also, on 29 March 2021, the Government notified the following timelines for filing BOE in respect of goods imported by different modes of transport.

Customs station	BOE is required to be filed latest by end of the day of arrival of the vessel/aircraft /vehicle.	BOE is required to be filed latest by end of the day preceding the day of arrival of the vessel/aircraft/vehicle.
(1)	(2)	(3)
Sea port	Imports consigned from the following countries:- <ul style="list-style-type: none"> Bangladesh Maldives Myanmar Pakistan Sri Lanka 	Imports consigned from countries other than those mentioned in column (2)
Airport	All imports	None
Land Customs Station (LCS)	All imports	None
Inland Container Depot (ICD)	None	All imports

- c) **Review of conditional exemption notifications:** Conditional exemption notifications, unless otherwise specified, shall be valid until 31 March falling immediately two years after the date of such grants. Existing conditional notifications shall remain valid until 31 March 2023.
- d) **Time limit prescribed for completion of proceedings:** A mandatory time limit of two years is prescribed for the completion of proceedings under the Customs Act. This shall be computed from the date of initiation of audit, search, seizure, summons, etc. These provisions shall be applicable on proceedings starting after the assent of Finance Bill 2021.
- e) **Changes in customs tariff from 1 January 2022:** Changes have been proposed in Schedule I to Customs Tariff Act with effect from 1 January 2022 to align with HSN 2022.

What's next?

The above legislative changes have been primarily proposed by the Government to facilitate trade. Measures such as having a common customs portal by offering various functionalities at one place can immensely help trade. Further, putting a sunset period of two years on conditional exemption notification will go a long way in case of notifications, which either lose their relevance or become outdated. However, these changes shall be effective only upon enactment of the Finance Bill (i.e., after the approval to the Finance Bill by the President).

Also, the changes to be made to the Customs tariff Act in Schedule I from 1 January 2022 will have implications on classification and duty rates currently followed by the industry. Hence, its analysis should be done in advance to ensure that timely appropriate changes in internal systems can be made.

B. Tariff changes: New levy

- a) **Introduction of new levy - 'Agriculture Infrastructure and Development Cess' (AIDC):** A new levy in the form of AIDC has been imposed on goods specified in First Schedule to Customs Tariff Act 1975, not exceeding the rate of Basic Customs Duty (BCD). AIDC is aimed to finance agriculture infrastructure and development expenditure. It has been notified on specified goods falling under headings 0713 to 7108 at the rate of 2.5 percent to 100 percent. Consequent reduction in BCD rates has also been made to retain the tax burden.
- b) **Tariff changes:** Other tariff changes can be seen in the detailed budget publication, whose link is given above in Part A.

What's next?

Unlike the legislative changes, tariff changes have been made effective from 2 February 2021. Some tariff changes are effective from 1 April 2021. The changes have been made to provide an impetus to domestic manufacturing and get into the global value chain. Various tariff-related changes have been announced in sectors where the Government had earlier announced production-linked incentive schemes, such as parts of mobile phones and auto components.

C. Amendment in Import of Goods at Concessional Rate of Duty (IGCR) Rules, 2017

The Government has made the following amendment in the IGCR Rules, 2017:

- a. To allow job-work of materials (except gold, jewelry, and other precious metals) imported under a concessional rate of duty
- b. To allow 100 percent outsourcing for manufacture of goods on job-work
- c. To allow imported capital goods that have been used for the specified purpose to be cleared on payment of differential duty, along with interest, on the depreciated value; the depreciation norms will be the same as applied to Export Oriented Units (EOUs).

(Notification no. 9/2021- Customs (N.T) dated 1 February 2021)

What's next?

The long-standing debate on the use of imported goods by job workers for manufacturing goods under the IGCR Rules 2017 have been put to rest now. The Government through the above-mentioned amendment has addressed the long-standing issue of availability of benefit of IGCR in case of job work. The Government has now made it clear that the benefit under IGCR shall be available even when 100 percent of the imported goods are outsourced for manufacturing goods on job-work. This is a welcome step for the industry.

II. Customs Authority for Advance Ruling (CAAR) Regulations 2021

- In October 2020, the Central Board of Indirect Taxes & Customs (CBIC) issued a notification appointing the below officers to function as CAAR at Delhi and Mumbai, respectively:
 - Commissioner (Customs Authority for Advance Ruling), Delhi
 - Commissioner (Customs Authority for Advance Ruling), Mumbai
- In January 2021, CBIC issued a notification empowering these officers to hear and determine all applications filed before CAAR with effect from 4 January 2021. Also, CBIC has issued the CAAR regulations 2021 that lay down procedures/processes and other relevant details with respect to advance ruling under customs. A brief of some relevant provisions is summarised in the table below:

Particulars	Relevant provisions
Form and manner of application before Authority for Advance Ruling	<ul style="list-style-type: none"> • An application to obtain an advance ruling shall be made in Form CAAR-1 before the jurisdictional Authority. • The jurisdiction to hear applications for advance rulings has been bifurcated between CAAR Delhi and CAAR Mumbai based on states and union territories. • Every application needs to be filed in quadruplicate and shall be accompanied by a fee of INR 10,000.
Form and manner of appeal to Appellate Authority	<ul style="list-style-type: none"> • An appeal against the advance ruling shall be made by the applicant in Form CAAR-2 and accompanied by a fee of INR 15,000. • An appeal against the advance ruling shall be made by the Principal Commissioner or Commissioner in Form CAAR-3 and no fee shall be payable by the officer for filing the appeal.
Transfer of pending application	<ul style="list-style-type: none"> • Every application and proceeding pending before the former Authority for Advance Rulings shall stand transferred to the Authority from the stage at which such an application or proceeding stood as on the date of such an appointment.

(Notification no. 116/2020- Customs (N.T) dated 31 December 2020)

(Notification no. 01/2021- Customs (N.T) dated 4 January 2021)

What's next?

The CAAR can decide on matters relating to classification of goods, applicability of exemption notification, applicability of valuation principles, applicability of notification levying duty under Customs Act, etc. With the formation of CAAR, it is expected that obtaining ruling should take lesser time now and help in providing businesses much-needed clarity to plan their business activities.

III. Faceless assessment: Mandatory uploading of documents

- The Directorate General of Systems and Data Management issued an advisory with respect to the mandatory uploading of documents in e-Sanchit under faceless assessment. The advisory provided the following:
 - a. List of Customs Tariff Heading (CTH) and corresponding mandatory document codes required to be mandatorily uploaded on e-Sanchit. The system would disallow filing of the bill of entries without the doc codes for applicable CTHs.
 - b. For items requiring regulatory clearance from a drug controller, it will be mandatory to upload the label of consignment in e-Sanchit and declare the Image Reference Number (IRN) details in the bill of entry.

(Advisory No: 02/2021 dated 14 January 2021)

What's next?

Ever since the roll out of faceless assessment, importers had been facing challenges in goods clearance. One such major challenge was non-uploading of required documents. Through the above-mentioned advisory, the Government has made clear the nature of document that needs to be uploaded for corresponding Customs Tariff Headings (CTH). This will help address the industry's concerns and bring transparency on the documents required to be uploaded for import of items under relevant CTHs.

IV. Other changes in customs and Foreign Trade Policy (FTP) 2015-2020

General trade facilitation measures

- **CBIC facilitation for exporters having Integrated Goods & Service Tax (IGST) refund issues**
 - a) **Sanction of pending Integrated Goods & Service Tax (IGST) refund claims where records have not been transmitted from GST Network to Customs Electronic Data Interchange (EDI) system:** The Government has provided a facility for the refund of pending IGST claims on export on the basis of submission of prescribed documents (such as CA certification and a proof of payment) in cases where claims are stuck due to mismatch between GSTR-1 and GSTR-3B (due to which records are not transmitted to the Customs EDI system). Such a provision was already there for shipping bills filed until 31 March 2019. However, the Government has now extended it for shipping bills filed for FY 2019-20 and 2020-21.

(circular no. 04/2021 - customs dated 16 February 2021)

- b) **Permanent customs officer interface facility for resolving invoice mismatch errors:** The Government had earlier provided an officer interface facility in cases where refunds were stuck due to mismatch between the data of GST returns and customs data, i.e., as mentioned in shipping bills (for shipping bills filed until 31.12.2019). As a trade facilitation measure, the Government has provided the provision to correct invoice mismatch errors with respect to past shipping bills, irrespective of its date of filing (subject to payment of a nominal fee). (*circular no. 05/2021 - customs dated 17 February 2021*)

What's next?

A considerable number of exporters have been facing difficulties in getting their IGST refund sanctioned either due to lack of facility to amend GST returns or bona-fide clerical/human errors while filing documents. The above-mentioned circulars will help address the industry's concerns.

Step towards digitisation of compliance plus procedure under FTP

• **Updating Importer Exporter Code (IEC) details every year**

Directorate General of Foreign Trade (DGFT) has amended paras relating to IEC to provide an application process for IEC. Any updating therein shall be done completely online. Also, per the amendment, an IEC holder has to ensure that details in IEC are updated electronically every year during the April–June period. If there is no change, it still needs to be confirmed online. Failure to abide by it can lead to deactivation of IEC (will be activated again on successful updating).

(*notification no. 58/2015-2020 dated 12 February 2021*)

What's next?

An importer/exporter has to now ensure that any change made in the IEC details is updated electronically every year during April–June. Such compliance has to be done even if there is no change in IEC, and failure to do so can lead to deactivation of the IEC. Therefore, the company needs to ensure that necessary action is taken by the company in this regard during April–June every year.

• **Roll-out of online module for adjudication, appeal, and review proceedings under Foreign Trade (Development & Regulations) Act 1992, (FTDR)**

The Government has implemented an online module for adjudication, appeal, and review proceedings under FTDR and Foreign Trade (Regulation) Rules 1993 with effect from 27 February 2021.

(*trade notice no. 44/2015-2020 dated 01 March 2021*)

• **Online application facilities for “import authorisation of restricted items”: Effective 22 March 2021**

Taking another step towards digitisation and revamp of IT infrastructures, the directorate has now introduced a new online module for filing applications for import authorisation of restricted items with effect from 22 March 2021. For online filing, the applicants may visit the DGFT website (<http://www.dgft.gov.in>).

(*trade notice no. 47/2015-2020 dated 23 March 2021*)

- **Online facility for certificate management, e-Tariff quota, etc.**
 - a) Introduction of a new module related to the online e-certificate management system to process the following applications:
 - i. I Card (as under ANF 2B)
 - ii. Free sale and commerce certificate (as under ANF 2F and 2H)
 - iii. End-user certificate (as under ANF 2J)
 - iv. Status holder certificate (as under ANF 3C)

The above-mentioned certificates will be issued electronically with a QR code and a Unique Document Identification Number (UDIN) for electronic verification.

(*trade notice no. 41/2015-2020 dated 15 February 2021*)

- b) DGFT allocates quota for import of items under the Tariff Rate Quota (TRQ) and such TRQ schemes are currently handled through the Restricted item Import Licensing eCom module. Under the digitation and common platform initiation, a new module has been prepared and introduced by the Directorate, i.e., e-TRQ System, to handle and process such e-TRQ applications effective 8 Feb 2021. All applications that have already been submitted for FY 2021-22 and are yet to be processed will be migrated to the new system. For any help and guidance on the new process, DGFT has developed the help manual and FAQs; this is uploaded on the official website of DGFT.

(*trade notice no. 40/2015-2020 dated 04 February 2021*)

- c) Introduction of online e-Policy Relaxation Committee (PRC) system: At present, any applications to seek policy/procedure relaxation in terms of Para 2.58 of FTP 2015-20 are required to be filed in a hard copy under the prescribed format, along with the payment proof of application fee. Changing the manual process to the electronic one, the Directorate has introduced a new module, i.e., an online E-PRC system to seek policy/procedure relaxations. With effect from 25 Jan 2021, the applications seeking policy/procedure relaxation are mandatorily required to be submitted online through the dashboard on the DGFT website.

(*trade notice no. 38/2015-2020 dated 15 January 2021*)

• **Electronic issuance of Certificate of Origin (COO):**

- a) Facility expansion for electronic filing and issuance of Preferential COO for exports from India for India-Mercosur Preferential Trade Agreement (IMPFTA) and India-Thailand Early Harvest Scheme (ITHS)

(*trade notice no. 43/2020-21, dated 23 February 2021*)

- b) The facility of electronic issuance of Preferential COO for exports from India to the United Kingdom (UK) under Generalised Scheme of Preferences (GSP) has been made available on the e-COO platform (<https://coo,dgft.gov.in>).

(*trade notice no. 37/2020-21, dated 11 January 2021*)

What's next?

As the entire adjudicating, appeals, and review proceedings will be done online now, exporters must update their details such as address and email IDs on the DGFT website. Correspondence to exporters will be sent online, and non-receipt of emails, etc., due to non-updating of details shall be the liability of the noticee (exporter). Also, initiation of digitisation and revamping of IT infrastructure bring consistency and transparency to the system, simplify tracking/monitoring the issue for fast disposal, and enhance the ease of doing business.

Import policy

The Government has amended the import policy for the following items (products):

Item or Product	Existing policy	New policy	Reference
Coal - Chapter 27 of ITC(HS) 2017	Free	Free subject to compulsory registration under Coal Import Monitoring System (CIMS)-effective 1 April 2021	Notification no. 56/2015-20, dated 28 January 2021
Others (3307 49 00)	Restricted	Amendment to policy condition: Import of odoriferous preparations, such as room fresheners and car fresheners that do not operate by burning, is "free".	Notification no. 54/2015-20, dated 1 January 2021

What's next?

The change related to import policy on coal requires the importer to submit import information before imports and report it on the CIMS portal. The change helps the Government to monitor the coal import transactions and regulate the market.

Status of export promotion schemes

- **Remission of Duties and Taxes on Export Products (RoDTEP)**
In March 2020, the union cabinet had approved the scheme of RoDTEP to boost exports to international market. The scheme was set to replace the existing Merchandise Exports from India Scheme (MEIS).

In relation to this, the Government issued a press release in January 2021 announcing that the scheme will be implemented from 1 January 2021; the benefit shall be eligible to exports goods from the given date. Under the RoDTEP scheme, exporters will be refunded the embedded Central, State, and local duties/taxes that were not being rebated/refunded, i.e., which were non-creditable in

nature. Under the scheme, the refund will be credited in an exporter's ledger account with customs and can be used to pay Basic Customs Duty (BCD) on imported goods. The credits can also be transferred to other importers.

Further, the Government has issued an internal detailed note indicating implementation of the RoDTEP scheme in the Customs Automated System – Declarations in shipping bill and further processing (which highlights the process to follow and the changes implemented in the CBIC system). The rates of RoDTEP scheme are yet to be issued.

- **Duty Remission on Export of Services Scheme (DRESS) and Services Export from India Scheme (SEIS):**
Per media reports, ahead of the release of new Foreign Trade Policy 2021-26 on 1 April 2021, the Service Export Promotion Council (SEPC) has suggested the Government to consider a Duty Remission on Export of Services Scheme (DRESS) to refund taxes to services exporters.

The scheme aims to cover unrefunded taxes on employee-related expenses, such as cab services and construction services (where GST is restricted), excise duty and VAT on petroleum products, electricity taxes, and stamp duty. Small service exporters should be eligible to a seven-percent incentive and large service exporters should be eligible for a four-percent incentive. This scheme shall replace SEIS.

Rates for SEIS are yet to be issued for FY 2019-20. Also, at the time of extending FTP 2015-20, SEIS was not extended for FY 2020-21 and any clarity from the Government is still awaited. Industry bodies are following up with the Government to get clarity on this.

What's next?

A close watch on this space needs to be kept on further developments on the above-mentioned schemes to ensure that the required action can be taken in time to avail the benefits under these schemes.

News on levy of Countervailing/Anti-subsidy duty (CVD)

- **Levy of definitive CVD on "textured tempered glass":** The central government has imposed a definitive CVD on "textured tempered glass", originating in, or exported from Malaysia for a period of five years from the date of publication of this notification in the Official Gazette and shall be payable in Indian currency, i.e., 9 March 2021. [notification no. 03/2021 – Customs (CVD), dated 9 March 2021].

News on levy of Anti-Dumping Duty (ADD)

- **Levy of definitive ADD:** The central government has imposed the definitive ADD on the following products originating or exported from the People's Republic of China:

Product	Effective period	Reference
Faced glass wool in rolls	or a period of five years from the date of issuance of this notification,	Notification no. 14/2021 – customs (ADD), dated 18 March 2021

Product	Effective period	Reference
	i.e., 18 March 2021	
Ciprofloxacin hydrochloride	For a period of five years from the date of provisional anti-dumping duty, i.e., 2 September 2020	Notification no. 13/2021 – customs (ADD), dated 11 March 2021
Aniline	For a period of five years from the date of provisional anti-dumping duty, i.e., 29 July 2020	Notification no. 8/2021 – customs (ADD), dated 19 February 2021
Steering knuckles meant for heavy and medium commercial vehicles	For a period of 30 months from the date of its publication	Notification no. 04/2021 – customs (ADD), dated 30 January 2021

What's next?

The Government commonly levies ADD/CVD on the basis of representations from the industry. It may levy ADD on more products over the next few months.

About Deloitte Global Trade Advisory (GTA) practice

Global trade is a multi-faceted area that requires a high degree of pragmatic support. Our Global Trade Advisory practitioners have a diverse background, including legal, accounting, auditing, technology, customs, excise, and import/export compliance. Amongst professional service providers, we are market leaders in delivering import and export compliance, planning, and automation projects.

With more than 600 GTA professionals in over 100 countries, Deloitte provides clients with local country insight while keeping global operations in mind.

We have specialised in global trade automation projects with a dedicated team of more than 100 practitioners focusing on the implementation of Global Trade Management (GTM) solutions.

Our team works together across borders and functions to provide strategic, cost-effective, and end-to-end global trade services. Our GTA specialists include lawyers, brokers, export control and compliance specialists, system architects, and integrators who collectively bring a unique mix of functional, technical, and operational know-how.

Connect with us

Mahesh Jaising
mjaising@deloitte.com

Payal Tuli
patuli@deloitte.com



[Click here](#) to read the previous editions of our GTA newsletter



Access the latest global and regional tax and trade news, information, and resources from Deloitte tax@hand, a digital platform designed for global tax and trade professionals, available anytime, on any device, at www.deloitte.com/taxathand



Consult the Global Trade Advisory Alert archive providing an overview of the latest alerts from the previous 12 months on deloitte.com



Read the monthly Global Indirect Tax Newsletter summarising the latest developments for VAT, GST, sales tax, and global trade around the globe on deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This material is prepared by Deloitte Touche Tohmatsu India LLP (DTTILLP). This material (including any information contained in it) is intended to provide general information on a particular subject(s) and is not an exhaustive treatment of such subject(s) or a substitute to obtaining professional services or advice. This material may contain information sourced from publicly available information or other third party sources. DTTILLP does not independently verify any such sources and is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such sources. None of DTTILLP, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this material, rendering any kind of investment, legal or other professional advice or services. You should seek specific advice of the relevant professional(s) for these kind of services. This material or information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person or entity by reason of access to, use of or reliance on, this material. By using this material or any information contained in it, the user accepts this entire notice and terms of use.

©2021 Deloitte Touche Tohmatsu India LLP. Member of Deloitte Touche Tohmatsu Limited