

Dear All,

Union Budget 2020-21 announced on 1st Feb 2020 has introduced some key changes on the customs front. Changes in the duty structure and introduction of new levies has come into effect from 02.02.2020. **All the notifications on rate changes have been updated in ICES** and is made live from 21 hours on 02-Feb-2020.

2. Customs Health Cess:

(i) One of the major changes in the duty structure is introduction of Customs Health Cess on imports vide clause 139 of the Finance Bill,2020. The relevant portion of letter from J.S(TRU) is reproduced for reference:

Vide clause of the Finance Bill,2020, Health Cess is being imposed on the import of medical devices falling under heading 9018 to 9022, at the rate of 5% ad valorem on the import value of such goods as determined under section 14 of the Customs Act,1962.This Health Cess shall be a duty of Customs.

(ii) Further, Vide Notification No 08/2020 dt 02.02.2020, exemption on Health Cess has been given on import of certain goods.

(III) On declaration of the relevant tariff item, health cess will be automatically calculated in the system.

(IV) For BE Submissions, Relevant Changes have been made in the Service centre module. While Filing using RES software, following declarations will have to be made in the SBE_Duty Tag of the Bill of Entry to claim the above exemption notifications:

Notification Type as "C" and AD Flag as "+"

(V) Necessary changes have also been made in other relevant modules of ICES for facilitating changes in the assessment and duty calculation.

3. Since the notification has been completed and integrated late on 02-Feb-2020 in the system, it is also requested to check the correctness of duty calculation for the bills of entry which were cleared on 02-Feb-20.

4. It is requested that suitable Public/Trade Notice be issued so that the trade is aware of the above changes and declarations are filed correctly once the filing resumes.

5. Considering that the above new levy brings a calculation change in the duty logic, the imposition of the Health Cess on the relevant goods and the calculation of duty by the System may also be verified manually for the first few days. Any discrepancy found may immediately be brought to the notice of this Directorate, by email to team.ices@icegate.gov.in

Thanks & Regards,

Dr.Sreeju.S.S, IRS

Deputy Director, Indian Customs EDI Systems (ICES)

*Directorate General of Systems, Hotel SAMRAT, Kautilya Marg, Chanakyapuri,
New Delhi- 110021*

Contact: +91-11-26874067. Fax: +91-11-26877958.