

ICES ADVISORY 03/2018 (Bud.) DT 02.02.2018 ON BUDGET RELATED CHANGES IN ICES

Union Budget 2018-19 announced on 1st Feb 2018 has introduced some key changes on the customs front. While some legislative changes like duty ledger, system release of goods etc. shall come into effect from a date to be notified, changes in the duty structure and introduction of new levies has come into effect from the midnight of 01.02.2018. **All the notifications on rate changes have been updated in ICES.**

The two major changes in the duty structure are:

1. Introduction of Social Welfare Surcharge on imports vide clause 108 of the Finance Bill 2018 in place of Education/SH Education Cess
2. Introduction of Road and Infrastructure Cess vide clause 109 of the Finance Bill 2018 on goods specified in the Sixth Schedule of the Bill

Social Welfare Surcharge (SWS)

SWS has been levied on the aggregate of all duties of customs, except those listed in sub-clause 3 of clause 108. The assessable value for SWS shall therefore be the same as that of the Ed/SHEd Cess. The rate of SWS has been fixed at 10% by the Finance Bill. Notifications 11/2018-Cus and 12/2018-Cus, both dated 02.02.2018 exempt SWS on the listed items partially or fully. ICES has been updated with all the rates and notifications. The system shall levy the default surcharge rate of 10% automatically on all goods. To claim exemption, the notification details can be entered in **item table at 37 and 38 positions** (of the BE message format), i.e. in lieu of erstwhile Ed./SHEd Cess on CVD.

Road and Infrastructure Cess

The R&I Cess is levied at a specific rate of Rs 8 per Litre of Motor Spirit and High Speed Diesel. Under clause 109 of the Finance Bill, the cess has been levied as an additional duty of Customs. The cess levied under Clause 110 as an additional duty of excise has been exempted from CVD vide Notification 21/2018 – Cus. The new R&I Cess has come in lieu of the erstwhile Road Cess applicable on the scheduled goods. Correspondingly, the basic excise duty on MS and HSD has been reduced so as to keep the overall duty on these products (both excise as well as customs) unchanged. A sample comparative calculation has been given in Annexure II of the D.O. from JS (TRU-I). ICES has been updated to automatically apply the Cess of Rs 8 per Litre on the scheduled goods.

The above changes may be made note of and BEs may be filed accordingly.