LKS UPDATE

An e-update to clients from Lakshmikumaran & Sridharan

2 FEBRUARY 2023

INDIRECT TAX

Budget 2023
Changes in Automobile Industry

UPDATE NO. 12 OF 2023

Lakshmikumaran & Sridharan attorneys

exceeding expectations
SINCE 1985

S. No.	Tariff Item	Description	Earlier BCD Rate	New BCD Rate	Applicable date of BCD rate	Remarks	Notification No.
1.	8712 00 10	Bicycles	30%	35%	02.02.2023	Exempted from Social welfare surcharge	Amendment in Customs Tariff Act, 1975 and NN 04/2023-Customs, dated the 1st February, 2023
				Automobiles			
2.	8703	Vehicle (including electric vehicles) in Semi-Knocked Down (SKD) form (Refer S.No. 526 (1(b) and 526A (1)(b) of NN 50/2017-Customs dated 30.06.2017)	30%	35%	02.02.2023	Exempted from Social welfare surcharge	S.No. 34 and 35 of NN 2/2023-Customs dated 1st February 2023 and S.No. 57 of 04/2023-Customs, dated the 1 st February, 2023
3.	8703	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 petrolrun vehicle and more than 2500 cc for diesel-run vehicles, or with both	60%	70%	02.02.2023	Exempted from Social welfare surcharge	S.No. 34 and 35 of NN 2/2023-Customs dated 1st February 2023 and S.No. 57 of 04/2023-Customs, dated the 1 st February, 2023

S. No.	Tariff Item	Description	Earlier BCD Rate	New BCD Rate	Applicable date of BCD rate	Remarks	Notification No.
4.	8703	Electrically operated Vehicle in Completely Built Unit (CBU) form, other than with CIF value more than USD 40,000	60%	70%	02.02.2023	Exempted from Social welfare surcharge	S.No. 35 of NN 2/2023-Customs dated 1st February 2023 and S.No. 57 of 04/2023-Customs, dated the 1st February, 2023
5.	39,40,58,70, 72 73,83,84, 85,87,90	Vehicles, automobile parts/ components, sub-systems and tyres specified in List 36 of NN 50/2017-Customs dated 30.06.2017, when imported by testing agencies specified in List 37 of NN 50/2017-Customs dated 30.06.2017, for the purpose of testing and/or certification subject to conditions*	As applic-able	Nil	02.02.2023	* If,- (a)at the time of import, the importer produces to the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, a certificate from an Officer not below the rank of Joint Secretary to the Government of India in the Ministry of Heavy Industries certifying that the imported goods (having regard to their description, quantity and technical specification) are intended for use by testing agencies specified in	S.No. 38 of NN 2/2023-Customs dated 1st February 2023

						List 37 for testing and/or certification purposes only; (b)at the time of import, the importer executes a bond before the Principal Commissioner or Commissioner of Customs of the port of import binding himself to pay the differential duty along with interest in case of diversion from the purpose as mentioned in condition (a) above; (c)importer carries out testing and/or certification within a period of six months from the date of import, which may be extended by another three months by the Principal Commissioner or Commissioner of Customs of the port of import upon the written request of the importer citing reasons for seeking such extension;	

						List 37 for testing and/or certification purposes only; (b)at the time of import, the importer executes a bond before the Principal Commissioner or Commissioner of Customs of the port of import binding himself to pay the differential duty along with interest in case of diversion from the purpose as mentioned in condition (a) above; (c)importer carries out testing and/or certification within a period of six months from the date of import, which may be extended by another three months by the Principal Commissioner or Commissioner of Customs of the port of import upon the written request of the importer citing reasons for seeking such extension;	

						(d) the importer re-exports the goods, wherever applicable, after testing and/or certification, within a period of six months from the date of import, which may be extended by another three months by the Principal Commissioner or Commissioner of the port of import upon written request of the importer citing reasons for seeking such extension; (e)the goods are destroyed in the course of testing and thus not re-exported after testing and/or certification, the importer produces a certificate to the Principal Commissioner or Commissioner of the port of import of such goods that scrapping or re-cycling of vehicle parts or vehicles or E-waste have been carried out,-	

						(i) in case of scrapping of engine /vehicle, by agencies authorised for the purpose by the State Government or Union Territory or the Central Governments; (ii) in case of E-waste, by the Central Pollution Control Board approved vendors; (iii) in case of other goods, by the head of the concerned notified testing agency that the goods have been scrapped; (f) the importer maintains a proper account of import, use and scrap, and submits such account periodically to the Principal	
6.	8507	Batteries for electrically operated vehicles, including two and three wheeled electric motor vehicles	5%	5%	02.02.2023	Concessional Rate extended upto 31.03.2024 (S.No. 495 of NN 50/2017-Customs dated 30.06.2017)	Clause II of NN 2/2023-Customs dated 1st February 2023

7.	84,85	Specific capital goods/ machinery for manufacture of Lithium ion cell for use in battery of electrically operated vehicle (EVs)	As appli-cable	Nil	02.02.2023	Changes in Basic Customs Duty (to be effective from 02.02.2023)	NN 6/2023-Customs dated 01.02.2023 has made amendments in S.No. 69 of NN 25/2002-Customs
8.	8507 60 00	Lithium-ion cell for use in the manufacture of battery or battery pack of electrically operated vehicle (EVs) or hybrid motor vehicle	5%	5% (up to 31.03.2024)	02.02.2023	Concessional Rate extended upto 31.03.2024 (S. No. 527B of Notification No. 50/2017 – Customs dated 30.6.2017) (No change in effective rate of duty)	S. No. 37 of Notification No. 02/2023-Customs dated 01.02.2023

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