



# ANDRA AND COMPANY

## Chartered Accountants

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## Indirect Tax Proposals - Budget Highlights 2021

### A. CUSTOMS

1) Few of the items on which Customs Duty Rates are revised are as follows:

(A) Reduced duty on copper scrap from 5% to 2.5%

(B) Basic and Special additional excise duty on petrol and high-speed diesel oil (both branded and unbranded) is reduced.

(C) Increased duty on solar inverters from 5% to 20%

(D) Raised duty on solar lanterns from 5% to 15%

(E) The basic customs duty on gold and silver reduced.

(F) The department will rationalise duty on textile, chemicals and other products

**The revised rates will be applicable from 2nd February 2021 onwards.**

2) New tariff items under 2404 11 00 and 2404 19 00 have been inserted in accordance with upcoming HS 2022 nomenclature. Further, NCCD of 25% is prescribed on these tariff items with effect from 1st January 2022.

3) **Agriculture Infrastructure and Development Cess (AIDC)** has been newly imposed on petrol and diesel at Rs.2.5 and Rs.4 per litre respectively.

4) Regarding agricultural products, the **customs duty is increased on cotton, silks, alcohol**, etc.

5) Exemption of Social Welfare Surcharge on the value of AIDC imposed on gold and silver. Therefore, these items would attract surcharge at the normal rate, only on value plus basic customs duty.

6) The **exemption on import of leather will be withdrawn** as they are domestically produced.



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7) A new initiative called '**Turant Customs**' will be introduced for faceless, paperless, and contactless customs measures.

### **B) Goods & Services Tax (GST)**

8) CGST Act was amended for several provisions as follows:

(A) Section 16 amended to allow taxpayers' claim of the input tax credit based on GSTR-2A and GSTR-2B.

(B) Section 50 of the CGST Act is being amended to provide for a retrospective charge of interest on net cash liability with effect from the 1st July 2017.

(C) **Section 35 and 44 amended:** Mandatory requirement of furnishing the GST reconciliation report signed by the specified professional is relaxed by allowing the filing of annual return on a self-certification basis. The Commissioner can exempt a class of taxpayers from the requirement of filing the annual return.

Thanks & Regards

Team ANDRA

For ANDRA AND COMPANY  
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