



दि प्लास्टिक्स एक्सपोर्ट प्रमोशन कौन्सिल

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THE PLASTICS EXPORT PROMOTION COUNCIL

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All Members/All Members of the COA

Dear Sir(s),

Subject : Budget Changes in Customs duty rates and Key Highlights/ Indicators of Union Budget 2020-21

We wish to inform you that the Honble Finance Minister has introduced the Finance Bill, 2020 in Lok Sabha on 1st February, 2020 wherein changes in Customs, Central Excise, GST law and rates have been proposed through the Finance Bill, 2020. To prescribe effectives rates of duty, following notifications are being issued:

Notification Nos. / Date

Customs (Tariff) No. 01/2020-Customs to No. 12/2020-Customs dated 2nd February, 2020

(<http://cbic.gov.in/Customs-Notifications>)

Customs (Non-Tariff) No. 09/2020-Customs (N.T.) to No. 10/2020-Customs (N.T.) dated 2nd February, 2020

(<http://cbic.gov.in/Customs-Notifications>)

Customs (ADD) No. 03/2020-Customs (ADD) dated 2nd February, 2020 (<http://cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-add2020/csadd03-2020.pdf>)

Customs (SG) No. 01/2020-Customs (SG) dated 2nd February, 2020 (<http://cbic.gov.in/resources/htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-sg2020/cssg01-2020.pdf>)

Unless otherwise stated, all changes in rates of duty take effect from the midnight of 1st February/ 2nd February, 2020. A declaration has been made under the Provisional Collection of Taxes Act, 1931 in respect of clauses 115 (a), 115(b), 139 and 145 of the Finance Bill, 2020 so that changes proposed therein take effect from the midnight of 1st February/ 2nd February, 2020. The remaining legislative changes would come into effect only upon the enactment of the Finance Bill, 2020.

Important changes in respect of Customs duty, National Calamity Contingent Duty (NCCD) and GST rates are contained in the below Annexures:

- [Annexure A](#) contains details of Chapter whanges in Basic Basic Customms Duty;
- [Annexure B](#) contains details of changes in respect of Social Welfare Surcharge;
- [Annexure C](#) contains details of changes in NCCD in respect of tobacco products;
- [Annexure D](#) contains details of retrospective amendments made in CGST, IGST, UTGST or Compensation Cess rates, in specified cases, through Finance Bill.

All the annexures are attached herewith for your reference.

Key Highlights/ Indicators of Union Budget 2020-21

- Tax benefits to Start-ups by way of deduction of 100 % of their profits are enhanced by increasing turnover limit and period of eligibility.
- In order to encourage entrepreneurship – “Investment Clearance Cell” to be set up for the STARTUP COMPANIES.
- Each District to be developed as an Export Hub for single product.
- National Logistic Policy may take care of higher logistics expenses for Exporters which will make exports competitive. Investment in Logistics may reduce in transportation cost for Exporters.
- Effort to amend laws, wherein decriminalization of civil offences will be done which will boost morale of Industrialist and Businessmen thereby supporting growth and development.
- Simplified GST Return to be effective from 1st April, 2020.
- To provide single platform for procurement of goods, services and works. To create a single window E-LOGISTICS MARKET.
- In order to reduce the compliance burden of Audit on MSME sector, the Finance Minister has proposed to raise by five times, the turnover threshold for audit from the existing Rs. 1 crore to Rs. 5 crore.
- A simplified GST return shall be implemented from the April 1, 2020. It will make return filing simple with features like SMS based filing for nil return, return pre-filing, improved input tax credit flow and overall simplification.

MSME

- Necessary amendments to the Factor Regulation Act 2011. This will enable NBFCs to extend invoice financing to the MSMEs through TReDS, thereby enhancing their economic and financial sustainability.
- To introduce a scheme to provide subordinate debt for entrepreneurs of MSMEs. This subordinate debt to be provided by banks would count as quasi-equity and would be fully guaranteed through the Credit Guarantee Trust for Medium and Small Entrepreneurs (CGTMSE). The corpus of the CGTMSE would accordingly be augmented by the government.
- An app-based invoice financing loans product will be launched. This will obviate the problem of delayed payments and consequential cash flows mismatches for the MSMEs.
- To extend handholding support – for technology up-gradations, R&D, business strategy etc. A scheme of Rs. 1000 crore will be anchored by EXIM Bank together with SIDBI.
- The Government’s ‘E-Market Place’ has a lot of opportunities for SMEs. A total allocation of Rs.27,300 crores for development and promotion of Industry and Commerce in FY 2020-21 proposed.

EXPORT FINANCE/ REFUNDS OF EMBEDDED TAXES

To achieve higher export credit disbursement, a new scheme, NIRVIK is being launched, which provides for higher insurance coverage, reduction in premium for small exporters and simplified procedure for claim settlements.

It is proposed to digitally refund to exporters, duties and taxes levied at the Central, State and local levels, such as electricity duties and VAT on fuel used for transportation, which are not getting exempted or refunded under any other existing mechanism. This Scheme for Reversion of duties and taxes on exported products will be launched this year.

Members are requested to take note of above changes and do the needful accordingly.

Best regards

Bharti Parave
(Sr. Executive)