



SHREYAS GLOBAL

Highlights of Budget 2026





CONSOLIDATED NOTE ON FISCAL AND NON FISCAL INCENTIVE

The Budget is guided by the Government's commitment to support the poor, underprivileged, and disadvantaged, and is anchored around three core Kartavyas.

FIRST KARTVAYA:

1. Reform Express:

After the Prime Minister's announcement on Independence Day in 2025, over 350 reforms have been rolled out. These include

- **GST simplification,**
- Notification of **Labour Codes**, and
- Rationalisation of **mandatory Quality Control Orders (QCO)**.

High Level Committees have been formed and **in parallel**, the **CG is working** with the **State Governments** on **deregulation and Reducing Compliance** requirements.

2. Accelerate and Sustain Economic Growth: Proposal for Interventions in Six Areas:

- i) Scaling up manufacturing in 7 strategic and frontier sectors;
- ii) Rejuvenating legacy industrial sectors;
- iii) Creating "Champion MSMEs";
- iv) Delivering a powerful push to Infrastructure;
- v) Ensuring long-term energy security and stability; and
- vi) Developing City Economic Regions.

2.1 Scaling up manufacturing in 7 strategic and frontier sectors:

2.1.1 Biopharma SHAKTI (Strategy for Healthcare Advancement through Knowledge, Technology and Innovation)

- **Biopharma SHAKTI ₹10,000 Crore outlay over 5 years** to develop India as a **global biopharma manufacturing hub**.
- Focus on **domestic production of biologics and biosimilars**
- Creation of a **biopharma-focused education and research network** with **3 new National Institutes of Pharmaceutical Education and Research (NIPER)** and **upgrading 7 existing ones**.
- It will also create a network of over **1,000+ accredited clinical trial sites** across India.
- ***Strengthening CDSCO** with a dedicated scientific review cadre to meet global standards and faster approvals.

2.1.2 Launch of India Semiconductor Mission (ISM) 2.0 to strengthen the semiconductor ecosystem.

- Focus on equipment & materials manufacturing and full-stack Indian IP design.
- Strengthening supply chains and industry-led research & skill development.

2.1.3 The Electronics Components Manufacturing Scheme:

- Launched in April 2025 with an initial outlay of ₹22,919 Cr Govt have received investment commitments at double the original target.
- Now proposed to increase in outlay to ₹40,000 Cr to capitalise on strong momentum.

2.1.4 A scheme for Dedicated Rare Earth Corridors:

- To support the mineral-rich States of Odisha, Kerala, Andhra Pradesh and Tamil Nadu to establish dedicated Rare Earth Corridors to promote mining, processing, research and manufacturing.

2.1.5. Dedicated Chemical Parks:

To enhance domestic chemical production and reduce import dependency we propose to establish 3 dedicated Chemical Parks, through challenge route.

2.1.6. Strengthening Capital Goods Manufacturing to improve productivity and quality across sectors:

- Establishment of Hi-Tech Tool Rooms by CPSEs at 2 locations that locally design, test, and manufacture high-precision components at scale and at lower cost.
- Launch of Scheme for Enhancement of Construction and Infrastructure Equipment (CIE) to boost domestic manufacturing of advanced CIE.
- Introduction of a Container Manufacturing Scheme with an outlay of ₹10,000 crore over 5 years to build a globally competitive ecosystem.

2.1.7. For Textile Sectors an Integrated Programme with 5 sub-parts:

- National Fibre Scheme for Self-reliance in fibres: Focus on natural, man-made, and new-age fibres.
 - Cluster modernisation & Employment Scheme: Capital support for machinery, technology upgradation, and common testing infrastructure
 - Sustainable & skilled growth: Eco-friendly textiles and upgraded skilling under Samarth 2.0
 - To set up Mega Textile Parks in Challenge Mode to scale manufacturing capacity and drive value addition in Technical Textiles.
 - Mahatma Gandhi Gram Swaraj Initiative to strengthen khadi, handloom, and handicrafts. This will benefit our weavers, ODOP initiative, village industries and rural youth.

2.2.0 Rejuvenation of Legacy Industrial Clusters:

- Scheme to revive 200 legacy industrial clusters to improve their cost competitiveness and efficiency through infrastructure and technology upgradation.

2.3.0 Creating “Champion SMEs” and supporting Micro enterprises

2.3.1 Equity Support:

- To create future Champions, introduce a dedicated ₹10,000 crore SME Growth Fund. Micro enterprises: propose to top up the Self-Reliant India INR 2,000 Cr.

2.3.2 Liquidity Support:

- Mandatory Trade Receivables Discounting System (TReDS) for purchases from MSME by CPSE.
- CGTMSE-backed invoice discounting: Introduce a credit guarantee support mechanism through CGTMSE for invoice discounting on TReDS platform.
- GeM-TReDS integration: link GeM with TReDS for sharing information with financiers about government purchases from MSMEs, encouraging for faster, cheaper MSME financing
- Securitisation of TReDS receivables to create a secondary market and improve liquidity

2.3.3. Professional Support:

- ICAI/ICSI/ICMAI-led short-term courses to create 'Corporate Mitras' in Tier-II & Tier-III towns
- Affordable compliance support for MSMEs through accredited para-professionals

2.4.0 Delivering a powerful push to Infrastructure

2.4.1 Public Capex: Public Capex has increased manifold

Amount in INR			
Year	FY 2014-15	BE 2025-26	FY 2026-27
Amount	2L Cr	11.2L Cr	12.2L Cr

- To accelerate the recycling of CPSE real estate assets through the creation of dedicated REITs.
- Establish new Dedicated Freight Corridors connecting Dankuni (East) to Surat (West)
- Operationalise 20 new National Waterways over the next 5 years, starting with NW-5 (Odisha)
- Set up Regional Centres of Excellence to train manpower for waterways and logistics
- Develop an inland ship-repair ecosystem at Varanasi and Patna
- Launch a Coastal Cargo Promotion Scheme to shift freight from road and rail to increase the share of inland waterways and coastal shipping from 6% to 12% by 2047
- A Seaplane VGF Scheme to give incentives to indigenize manufacturing of seaplanes.

2.5.0 Ensuring long-term energy security and stability

Carbon Capture Utilization and Storage (CCUS): Achieve higher readiness levels across power, steel, cement, refineries, and chemicals sectors with proposed outlay of ₹20,000 crore over the next 5 years.

2.6.0 City Economic Regions (CER):

- Focus on T-2 & T-3 cities and temple towns by mapping CERs based on local growth drivers
- ₹5,000 crore per CER over 5 years to be deployed through a challenge-based, reform-cum-results financing mechanism.

- Develop 7 High-Speed Rail corridors as inter-city growth connectors. Key routes include
 - Mumbai–Pune,
 - Pune–Hyderabad,
 - Hyderabad–Bengaluru,
 - Hyderabad–Chennai,
 - Chennai–Bengaluru,
 - Delhi–Varanasi, and
 - Varanasi–Siliguri

3.0 Financial Sector:

Proposal to restructure Power Finance Corporation and Rural Electrification Corporation to improve scale and efficiency in Public Sector NBFCs.

- Introduce a market-making framework for corporate bonds with access to funds and derivatives.

3.1 Municipal Bonds:

- Incentive of ₹100 crore proposed for single Municipal Bond issuances exceeding ₹1,000 crore by large cities.
- Existing AMRUT scheme incentives for bond issuances up to ₹200 crore will continue.

4. Ease of Doing Business:

- Individual Persons Resident Outside India (PROI) allowed to invest in equity of listed Indian companies through the Portfolio Investment Scheme:
 - Individual investment limit increased from 5% to 10%.
 - Aggregate limit for all PROIs raised from 10% to 24%.

SECOND KARTVAYA:

1. Empowering Youth & Boosting the Services Sector

1.1. High-Powered 'Education to Employment and Enterprise' Standing Committee

- Set up a High-Powered 'Education to Employment and Enterprise' Standing Committee to recommend measures that focus on the Services Sector.

1.2. Creation of Professionals for Viksit Bharat:

- Upgradation of existing Allied Health Professional (AHP) institutions and establishment of new AHP institutions in both Government and private sectors.
- Coverage of 10 AHP disciplines (including optometry, radiology, anesthesia, OT technology, applied psychology & behavioural health).
- Addition of 1 lakh (100,000) AHPs over the next 5 years.
- Training of 1.5 lakh caregivers in the coming year.

1.3. Medical Hubs:

- To launch a Scheme to support States in establishing 5 Regional Medical Hubs, in partnership with the private sector:

1.3. Ayush Initiative:

- Proposal to
 - set up 3 new All India Institutes of Ayurveda;
 - Upgrade AYUSH pharmacies and drug testing labs to higher certification standards, and strengthen the WHO Global Traditional Medicine Centre, Jamnagar.

1.4. Animal Husbandry

- A loan-linked capital subsidy will support private veterinary colleges, hospitals, labs, and breeding facilities, scaling up 20,000+ professionals and enabling international collaborations.

1.5. Orange System:

- To support AVGC Content Creator Labs will be set up in 15,000 secondary schools and 500 colleges through the Indian Institute of Creative Technologies, Mumbai.

1.6. Design

- Due to shortage of Indian designers, propose to establish through challenge route, a new National Institute of Design in the eastern region of India.

1.7. Education:

- 5 University Townships will be developed near major industrial and logistics corridors through a challenge-based approach, to host multiple universities, research institutions, skill centres, and residential facilities.

1.8. Tourism:

- To set up a National Institute of Hospitality by upgrading the existing National Council for Hotel Management and Catering Technology.
- Pilot scheme to upskill 10,000 tourist guides at 20 iconic sites through a 12-week hybrid programme with an IIM.
- Establishment of the International Big Cat Alliance in 2024 will be followed by India hosting the first Global Big Cat Summit with leaders from 95 range countries.

THIRD KARTVAYA:

1. Access to resources, amenities and opportunities for meaningful participation

1.1. Increasing farmer incomes:

• Fisheries:

- For integrated development of 500 reservoirs and Amrit Sarovars.
- Strengthen the fisheries value chain in coastal areas and enable market linkages involving start-ups and women-led groups together with Fish FPO.

• Animal Husbandry:

- Credit-Linked Subsidy Programme
- Scaling-up and modernisation of livestock enterprises
- Enhance creation of livestock, dairy and poultry-focused integrated-value chains.
- Encourage creation of Livestock FPO.

• High Value Agriculture:

- To diversify farm output and boost productivity, incomes, and jobs, high-value crops such as coconut, sandalwood, cocoa, and cashew will be promoted in coastal areas.
 - About 30 million people, including nearly 10 million farmers, depend on coconuts for their livelihood we propose to set up Coconut Promotion Scheme
 - Programme is proposed for Indian Cashew and Indian Cocoa to transform into premium global brands by 2030.
 - To restore the glory of the Indian Sandalwood ecosystem.

- To cultivation of walnuts, almonds and pine nuts and support a dedicated programme to enhance farmer incomes and in bringing value addition by engaging youth.
- Bharat-VISTAAR (Virtually Integrated System to Access Agricultural Resources).
- Self-Help Entrepreneur (SHE) Marts for Rural Women-led Enterprises

1.1. Empowering the vulnerable:

- Establish National Institute of Mental Health and Neuro Sciences (NIMHANS-2), upgrade the National Mental Health Institutes at Ranchi and Tezpur as Regional Apex Institutions, and enhance mental health, emergency and trauma care capacities by 50% in District Hospitals

1.2. Focus on the Purvodaya States and the North-Eastern Region:

- Purvodaya proposes an East Coast Industrial Corridor with a Durgapur node, five tourism destinations, and 4,000 e-buses.

• Finance Commission:

- The Government has accepted a 41% vertical devolution (59% retained by CG) and provided ₹1.4 lakh crore to States in FY 2026–27 as Finance Commission Grants, including Rural, Urban Local Body, and Disaster Management grants

• Fiscal Consolidation:

- Fiscal commitments continue without compromising social priorities, with a target of achieving a central debt-to-GDP ratio of 50±1% by 2030–31.
- Debt-to-GDP ratio projected at 55.6% in BE 2026–27, improving from 56.1% in RE 2025–26.
- Declining debt levels expected to reduce interest outgo and free fiscal space for priority sector spending
- Commitment met: Fiscal deficit reduced below 4.5% of GDP by 2025–26
- Fiscal deficit at 4.4% of GDP in RE & BE 2025–26
- Further consolidation to 4.3% of GDP in BE 2026–27

• Revised Estimates:

Amount in INR

Year	Non-debt Receipts	Net Tax Receipts	Total Expenditure	Capital Expenditure
RE 2025-26	₹34 lakh	₹26.7 lakh	₹49.6 lakh	₹11 lakh
BE 2026-27	₹36.5 lakh	₹28.7 lakh	₹53.5 lakh	₹12.2 lakh

- Fiscal deficit financing (BE 2026–27): Net market borrowings ₹11.7 lakh Cr
- **Gross borrowings:** ₹17.2 lakh Cr, with balance funding from small savings & other sources

CONSOLIDATED NOTE ON DIRECT TAX PROPOSALS

I. Return Filing & Assessments

Section	Amendment Area	Old Provision / Previous Status	New Provision (Finance Bill 2026)	Shreyas Comments / Rationale
139(1)	Due Dates for Filing	Due dates were defined in the explanation text, often leading to interpretational reliance on circulars.	Statutory Table introduced: <ul style="list-style-type: none"> 30th Nov: Transfer Pricing cases. 31st Oct: Companies & Audit cases. 31st Aug : No Audit Business Cases & Trust 31st July: Any other Assessee 	Certainty: Codifies the due dates directly into a clear table to remove ambiguity and standardize compliance timelines.
139(5)	Revised Return	Revised returns could be filed up to 3 months prior to the end of the relevant assessment year.	Revised returns can now be furnished at any time before the end of the relevant assessment year. However, a fee applies if filed after 9 months.	Rationalization: Extends the window for revising returns to facilitate voluntary compliance, while the late fee discourages excessive delays.
139(8A)	Updated Return	Updated returns were generally not allowed if they resulted in a return of loss or reduced the tax liability.	Allows filing an updated return in response to a Section 148 notice (reassessment).	Voluntary Compliance: Encourages taxpayers to correct errors even in loss cases and offers a final window to comply upon receiving a reassessment notice.
147A	Faceless Assessment	Ambiguity existed regarding whether a jurisdictional "Assessing Officer" could issue notices under Section 148/148A.	Clarification: For Sections 148/148A, "Assessing Officer" includes the jurisdictional officer, not just the National Faceless Assessment Centre.	Retrospective Fix: Deemed to take effect from April 1, 2021, to settle legal disputes questioning the jurisdiction of officers issuing reassessment notices.

B. Decriminalization of Offences

Section	Offence	Old Provision	New Provision (Finance Bill 2026)	Shreyas Comments / Rationale
276B	Failure to Pay TDS	Punishable with Rigorous Imprisonment (3 months to 7 years) and fine.	Decriminalized for smaller amounts: <ul style="list-style-type: none"> > ₹50L: Simple Imprisonment (up to 2 yrs). ₹10L-₹50L: Simple Imprisonment (up to 6 months). < ₹10L: Fine only. 	Ease of Business: Moves away from harsh "rigorous" imprisonment for technical defaults, reserving jail time only for significant tax evasion.
276C	Wilful Evasion	Rigorous Imprisonment (6 months to 7 years).	Simple Imprisonment up to 2 years (if evasion > ₹50L) or 6 months (if ₹10L-50L).	Leniency: Reduces severity of punishment to "Simple Imprisonment," aligning with the government's policy to decriminalize economic offences.
276D	Failure to Produce Accounts	Rigorous Imprisonment up to 1 year and fine.	Fully Decriminalized. Failure to produce documents is now punishable by fine only. Failure to comply with special audit is Simple Imprisonment (up to 6 months).	Protection: protects taxpayers from threat of jail for procedural non-compliance during scrutiny.

II. Reliefs for Individual Taxpayers

A. Interest on Motor Accident Compensation

Feature	Old Provision (Current Law)	Proposed Provision	Reference Section
Taxability	Taxable under "Income from Other Sources". A deduction of 50% is allowed u/s 57(iv).	Fully Exempt from income tax.	Sec 10 (New Clause) / Sec 145B / Sec 56(2)(viii)
TDS	10% TDS applies if interest exceeds ₹50,000 in a year.	No TDS applicable.	Sec 194A(3)(ix)

Shreyas Comments: This is a compassionate move. Accident compensation is a relief, not "income" in the traditional sense. Removing tax friction here prevents further hardship for victims who often face delays in receiving funds.

B. Rates & Deductions

Section	Amendment Area	Old Provision	New Provision (Finance Bill)	Shreyas Comments / Rationale
195	Tax Rate (Non-Residents)	Income under sections 102-106 taxed at 60%.	Tax rate reduced to 30%.	Relief: Corrects a prohibitively high tax rate for non-residents, likely to encourage compliance and investment.
206	MAT Rate	Minimum Alternate Tax (MAT) rate was 15%.	MAT rate reduced to 14%. Credit set-off restricted to 25% of tax liability in the new regime.	Revenue Balance: Reduces the MAT rate slightly but caps the usage of MAT credit to ensure the government receives some cash tax revenue annually.
394	TCS Rates	Rates varied (e.g., 5% for education remittance, 20% for overseas tours > ₹10L).	Standardized to 2% for: <ul style="list-style-type: none"> • Sale of scrap, minerals, alcohol. • Overseas tour packages (no threshold). • Education/Medical remittances. 	Rationalization: Lowers the immediate cash-flow burden on taxpayers for foreign remittances and purchase of specific goods.

Manpower Services TDS

Feature	Old Provision (Current Law)	Proposed Provision	Reference Section
Classification	Frequent litigation: Is it Contract (194C - 1%/2%) or Technical Service (194J - 10%) ?	Explicitly classified as Contractor payments . TDS at 1% (Ind/HUF) or 2% (Others) .	Sec 194C vs 194J

Shreyas Comments: This ends decades of litigation. It lowers the cash-flow burden for staffing companies where margins are thin (often <5%), making a 10% TDS deduction unviable.

TDS on Property Purchase from Non-Resident

Feature	Old Provision (Current Law)	Proposed Provision	Reference Section
Process	Buyer must obtain TAN (Tax Deduction Account Number) and file Form 27Q. Complex for individuals.	PAN-based challan (like Sec 194-IA). No TAN required. Seller's PAN not mandatory if challan mechanism is updated.	Sec 195 / Rule 30

Shreyas Comments: Buying property from an NRI was a compliance nightmare for common buyers. This aligns it with buying from residents, significantly improving "Ease of Living."

C. Foreign Asset Disclosure (Amnesty)

Feature	Old Provision (Current Law)	Proposed Provision	Reference Section
Non-Disclosure Penalty	Harsh penalties under Black Money Act (BMA) : ₹10 Lakh penalty + Prosecution, even for minor lapses.	One-time Amnesty Window (6 months): <ul style="list-style-type: none"> Small errors (<₹1Cr): Pay 30% tax + 30% penalty. Immunity from prosecution. Fee of ₹1 Lakh for those who paid tax but missed reporting. 	Black Money Act, 2015
Small Assets Limit	Prosecution could technically apply to any amount (though recent circulars softened this for <₹5L).	Statutory Immunity from prosecution if aggregate value < ₹20 Lakh (Retrospective from Jan 1, 2024).	Sec 50 of BMA

Shreyas Comments: This addresses the "accidental offender" problem specifically tech employees with RSUs/ESOPs or students with foreign bank accounts who unknowingly triggered draconian Black Money laws. The "immunity for fee" is a practical exit route

III. Compliance & Timelines

Feature	Old Provision (Current Law)	Proposed Provision	Reference Section
Revised Return Deadline	31st December of the Assessment Year.	Extended to 31st March (with nominal fee).	Sec 139(5)
Updated Return (U/R)	Allowed within 24 months. Additional tax: 25% or 50% . Not allowed if assessment has started.	Allowed even during reassessment . Additional tax: 10% (over and above existing 25%/50%).	Sec 139(8A) / 140B

Shreyas Comments: The Dec 31st deadline was too tight. Extending to Mar 31st gives taxpayers a fair chance to correct errors before the year closes strictly. Allowing Updated Returns during reassessment reduces litigation-taxpayers can "settle" by paying a bit more rather than fighting a long legal battle.

IV. Penalty & Prosecution Reforms

Feature	Old Provision (Current Law)	Proposed Provision	Reference Section
Penalty Orders	Assessment (Tax) and Penalty proceedings were separate, leading to multiple hearings/orders.	Integrated Order: Single order for Assessment and Penalty.	Sec 270A / 274
Pre-deposit for Appeal	Generally 20% of Total Demand (Tax + Interest + Penalty) to get a stay.	Reduced to 10% of Core Tax Demand only.	Sec 249(4) / Admin Guidelines
Criminality	Technical defaults (audit report failure, etc.) could technically attract imprisonment.	Decriminalized: Converted to monetary fees/fines only.	Sec 276C / 277

Shreyas Comments: This is a massive "Ease of Business" move. Reducing pre-deposit to 10% of core tax (excluding interest/penalty) frees up significant working capital for businesses in dispute.

V. Corporate & Business Reforms

A. Information Technology / Safe Harbour

Feature	Old Provision (Current Law)	Proposed Provision	Reference Section
Safe Harbour	Turnover cap often low (<₹200 Cr or ₹1000 Cr depending on year). Margins varied/complex.	Turnover cap enhanced to ₹2,000 Cr. Common margin 15.5%. Automated approval.	Sec 92CB

Shreyas Comments: raising the threshold to ₹2,000 Cr covers almost all mid-tier IT firms, drastically reducing Transfer Pricing litigation, which is the #1 source of tax disputes in India.

B. Buyback Tax (The Big Shift)

Feature	Old Provision (Current Law)	Proposed Provision	Reference Section
Tax Incidence	Company pays ~23% (20% + Surcharge). Exempt in hands of shareholder.	Shareholder pays tax as Capital Gains. Company pays Nil.	Sec 115QA vs Sec 46A
Tax Rate	Flat ~23% irrespective of shareholder bracket.	Promoters (Corp): 22% Promoters (Ind): 30% Public: 12.5% (LTCG) / 20% (STCG)	Sec 115QA (Repeal)

Shreyas Comments: This reverses the 2013 amendment.

- **Pros:** Small investors (public) pay lower tax (12.5% LTCG) vs the indirect 23% borne by the company previously.
- **Cons:** Promoters/High Net Worth Individuals will pay more (up to 30-35% depending on surcharge). It closes the loophole where companies did buybacks instead of dividends to save tax for promoters.

C. MAT (Minimum Alternate Tax)

Feature	Old Provision (Current Law)	Proposed Provision	Reference Section
Nature	"Advance Tax" in nature. Credit can be carried forward for 15 years to set off against normal tax.	Final Tax from 1 Apr 2026. No Credit accumulation allowed going forward.	Sec 115JB / 115JAA

Shreyas Comments: This is a fundamental structural change. By removing MAT credit, MAT becomes a "real" tax rather than a temporary cash flow hit. This simplifies accounting but hurts companies that have high book profits but low taxable income due to genuine heavy deductions (like infrastructure).

D. Securities Transaction Tax (STT)

Instrument	Transaction	Old Rate	New Rate	Comments
Options	Sale	0.10%	0.15%	Curbing Speculation: The increase in STT aims to dampen excessive retail speculation in the derivative markets (F&O) while increasing revenue.
Options	Exercised	0.13%	0.15%	
Futures	Sale	0.02%	0.05%	

Shreyas Comments: A clear attempt to curb excessive speculation in the derivatives market. This increases the break-even point for day traders significantly.

SUMMARY OF AMENDMENTS PROPOSED IN CUSTOMS LAW - FINANCE BILL FY 26-27

Section of Finance Bill 2026	Section of Customs Act, 1962	Amendment proposed
<i>Applicability of Customs Act on fishing and fishing related activities by Indian-flagged fishing vessels beyond territorial waters of India</i>		
Section 129 , 130 , 133	Section 1 , 2(28A) , 56A	<p>Applicability of Customs Act extended to fishing and fishing related activities by Indian-flagged fishing vessels beyond territorial waters of India</p> <p>“Indian-flagged fishing vessel” defined as a vessel which is used or intended to be used for the purpose of fishing in the seas and entitled to fly the flag of India</p> <p>Taxability of fishing and fishing related activities by Indian-flagged fishing vessels beyond territorial waters of India, subject to satisfaction of conditions to be prescribed in rules:</p> <ul style="list-style-type: none"> è Import is duty free è Such goods landed in foreign port may be treated as export of goods <p>Detailed compliance process & regulations are to be prescribed by specific rules</p>
<i>Decriminalization of offences subject certain conditions</i>		
Section 131	Section 28(6)(i)	<p>Before the amendment Section 28(6)(i) provided that in case the duty demand along with interest & penalty has been paid in full as per opinion of the proper officer, the proceedings shall be deemed to be concluded with respect to the matters stated therein.</p> <p>Now it is proposed that on payment of such full amount mentioned above, the amount paid as penalty shall be treated as if it is payment of charge for non-payment of duty i.e., nature such payment will no longer will be a penalty</p>
<i>Extension of Validity of Advance Ruling</i>		
Section 132	Section 28J	<p>Time limit of applicability of Advance ruling shall be earlier of the following:</p> <ul style="list-style-type: none"> (i) 5 years [Before proposed amendment it was 3 years] (ii) Change in law or facts on the basis of which the advance ruling has been pronounced <p>Note: Any Advance Ruling in force as on date on which Finance Bill 2026 gets the president assent, the Authority shall, upon a request by the applicant, extend the validity for five years from the date of the ruling</p>
<i>Easing the process of removal of goods from one warehouse to another</i>		
Section 134	Section 67	The requirement of permission of proper officer to remove goods from one warehouse to another is proposed to be replaced by removal on satisfaction of prescribed conditions.
Section 135	Section 84(b)	Proposed to extend power to CBIC for making regulations relating to custody of goods imported / exported through post or courier

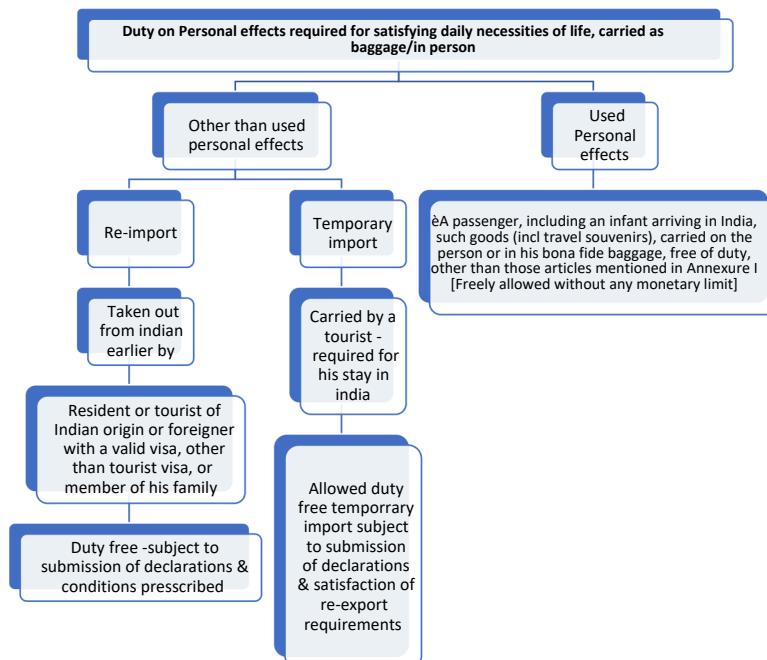
Other significant amendments done via Notifications issued on 01.02.2026

Notification	Summary of updates			
	Notification	Brief of the content of notification	Sun-set date for the notification before amendment	Sun-set date for the notification after amendment
Notification No. 01/2026 Customs – 01.02.26	Notification No. 248/76-Customs – 02.08.1976	Benefit of duty free import of articles of chapter 71, for import by post on “approval or return basis”	31.03.2026	31.03.2028
	Notification No. 32/97-Customs Dated 01.04.1997	Benefit of duty exemption on goods are imported for execution of an export order placed on the importer by the supplier of goods for jobbing (or) re-export of imported goods	31.03.2026	31.03.2028
	Notification No.24/2001-Customs Dated 01.03.2001	Concession in respect of toll smelting of copper reverts made applicable to basic, additional and special duty [Ch 74]	31.03.2026	31.03.2028
	Notification 36/2024 dated 23.07.24	Exemption/concessional rate of BCD and SWS to critical minerals	Nil	30.04.2026
	Notification No. 29/2025-Customs Dated 09.05.2025	Exemption from whole of customs duty on certain works of art and antiques from Basic Customs Duty.	Nil	31.03.2028
NOTIFICATION NO. 05/2026-CUSTOMS	<p>Following notifications rescinded w.e.f 02.02.26:</p> <p>Notification No. 11 / 2004 - Customs dated 08.01.2004 – Exemption of duty on laptop & note pad – Provisions of this notification incorporated in the Baggage Rules 2026</p> <p>Notification No. 27/2016-Customs dated 31.03.2026 - Effective rates of basic duty of customs on specified goods imported by persons returning to India after a period of not less than 365 days of stay abroad during previous 2 years or under bona fide transfer of residence to India – Revised provisions in this regard have been incorporated in the Baggage Rules 2026</p>			
NOTIFICATION NO. 12/2026-CUSTOMS (N.T.)	<p>Notification 135/2016 Customs (NT) dated 02.11.2016 amended to include Eligible Manufacturer Importer for benefit of deferred payment of import duty up to the 31st March, 2028 – Eligible Manufacturer Importer to be approved by Directorate of International Customs, CBIC. Details instructions and guideline in this regard will be issued separately. The applications from such importers shall be allowed to be filed from 01.03.26 [Ref Circular 03/2026-Customs dated 01.02.26]</p>			
NOTIFICATION NO. 13/2026-CUSTOMS (N.T.)	<p>Rule 4 of Deferred Payment of Import Duty Rules, 2016, amended to increase the duty deferred period to 30 days [existing 15 days] – Applicable w.e.f 01.03.2026 [Ref Circular 03/2026-Customs dated 01.02.26]</p>			

Overview of Circulars issued on 01.02.26 clarifying various aspects relating to customs law, [other than those already covered elsewhere in this note]:

Circular reference	Clarification Issued
02/2026- Customs	For purpose of S.No. 59 of Table II of notification No.45/2025- Customs dated 24.10.2025, the term RPA (Remote Pilot Aircraft) covers aircrafts that are remotely piloted, by whatever name known, i.e., Drones or Unmanned Aerial Vehicles (UAV) or Unmanned Aircraft System (UAS)
06/2026- Customs	<p>In case of import of goods by AEO T2 & T3 entities, on arrival of goods, goods registration shall be carried out automatically by the system, in place of the existing web-based goods registration. This facility will also be extended to eligible importer manufacturer, importers having long standing supply chain, Importers availing Direct Port Delivery. The facility of out of charge will also be extended to all importers subject to payment of duty is required, and where there is no compliance requirement</p> <p>Online goods registration facility to be enabled for e-seal on Cargo for export. Further facility of auto Let Export order to be enabled subject to satisfaction of certain conditions & risk parameters</p>
07/2026 – Customs	Use of body worn cameras (BWC) – mandatory w.e.f 01.04.26 during cargo examination. Further detailed advisory on E-scheduling of Cargo Examination is expected to be implemented by 01.04.26

Overview - Baggage Rules 2026 & Customs Baggage (Declaration and Processing) Regulations, 2026 – w.e.f 02.02.26 r.w Matser Circular 04/2026 – Customs dated 01.02.26 – superseding all prior circulars in this regard



Meaning of Key terms:

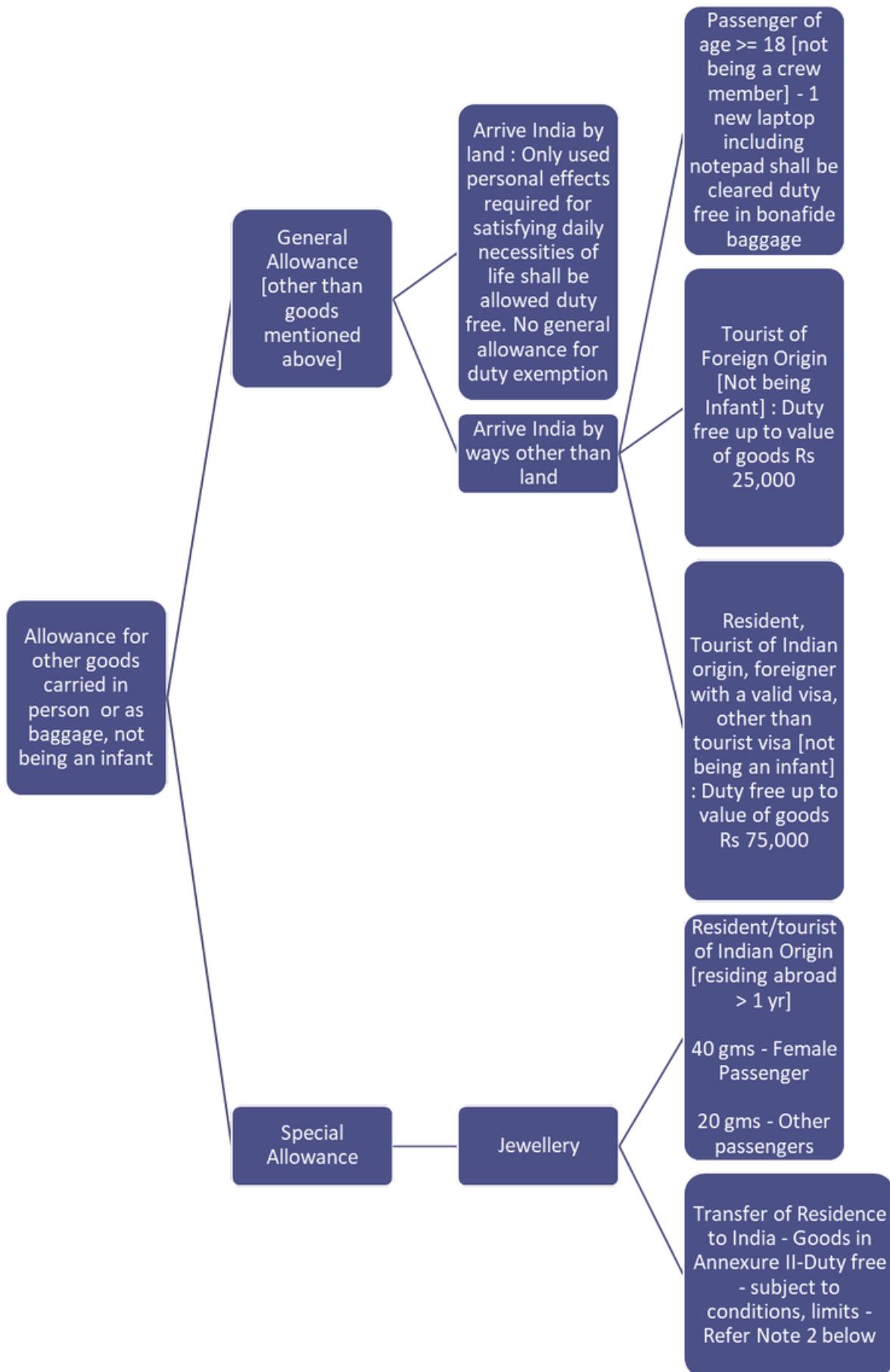
- “resident” means a person ordinarily residing in India and holding a valid passport issued under the Passports Act, 1967
- “personal effects” means all articles (new or used) which a passenger may reasonably require for his personal use during the journey, taking into account all the circumstances of the journey, but excluding any goods imported or exported for commercial purposes
- “foreigner with a valid visa, other than tourist visa” means a foreigner possessing a valid visa, other than a tourist visa and staying in India for more than six months
- “infant” means a child not more than two years of age
- “jewellery” means articles of adornment ordinarily worn by a person, made of gold, silver, platinum or such other precious metals, whether studded or not
- “tourist” means a person not ordinarily resident in India and who enters India for a stay of not more than six months in the course of any twelve months period for legitimate non-immigrant purposes
- “tourist of Indian origin”, includes Non- Resident Indians and Overseas Citizen of India cardholders and these expressions shall have the same meanings as assigned to them under any other laws for the time being in force.
- “Red Channel” means a dedicated walk-through channel for use of passengers who makes declaration of goods for payment of duty excluding payment of duty which has already been made or carrying goods subject to import prohibitions specified in CBD-I
- “Green Channel” means a walk-through channel for the use of passengers who are not required to report to red channel

Goods notified under respective annexures

Annexure I: 1. Fire arms. 2. Cartridges of fire arms exceeding 50. 3. Cigarettes exceeding 100 sticks or cigars exceeding 25 or tobacco exceeding 125gms. 4. Alcoholic liquor or wines in excess of two litres. 5. Gold or silver in any form other than ornaments. 6. Television.

Annexure II: 1. Home Theatre System. 2. Air-Conditioner. 3. Microwave Oven. 4. Washing Machine. 5. Gas Cooking Range. 6. Personal Computer (Desktop Computer). 7. Laptop or Notepad. 8. Domestic Refrigerator. 9. Television. 10. Dish Washer. 11. Deep Freezer. 12. Video camera or the combination of any such Video camera with one or more of the following goods, namely: -(a) television receiver; (b) sound recording or reproducing apparatus; (c) video reproducing apparatus. 13. Vacuum Cleaner. 14. Air Fryer. 15. Dryer machine. 16. Air cooler. 17. Play station or any other gaming console. 18. Water Dispenser. 19. Oil heater. 20. Electric Oven. 21. Musical Instrument (Piano or Guitar, etc.). 22. Tablet (e.g. iPad). 23. Small Bluetooth Speakers. 24. Air Purifier. 25. Dehumidifier. 26. Multifunction Printer. 27. Robotic Vacuum Cleaner. 28. Massage Chair. 29. Projector. 30. Amplifier.





Note 1: The limits of duty free allowance is applicable per passenger & shall not be allowed to pool with the free allowance of any other passenger

Note 2: Permissible Duty free baggage in case of transfer of residence into india

A resident or tourist of Indian origin, engaged in a profession abroad or transfers his residence to India, on return, shall be allowed clearance free of duty as following (in addition to what is allowed as mentioned above):

Duration of stay abroad	Articles allowed free of duty	Conditions	Relaxation
(1)	(2)	(3)	(4)
3 mths to 12 mths	Personal and household articles, other than those mentioned in Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of one lakh fifty thousand rupees.	Nil	Nil
1 yr to 2 yrs	Personal and household articles, other than those mentioned in Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of three lakh rupees.	The passenger should not have availed this concession in the preceding three years.	-
2 or More years	Personal and household articles, other than those listed at Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of seven lakh fifty thousand rupees.	(i) Minimum stay of two years abroad, immediately preceding the date of his or her arrival on transfer of residence;	(a) For condition (i), shortfall of upto two months in stay abroad can be condoned by Deputy Commissioner of Customs or Assistant Commissioner of Customs, if the early return is on account of:- (i) terminal leave or vacation being availed of by the passenger; or (ii) any other special circumstances for reasons to be recorded in writing.
		(ii) Total stay in India on short visit during the two preceding years should not exceed six months; and	(b) For condition (ii), the Principal Commissioner of Customs or Commissioner of Customs may condone short visits in excess of six months in special circumstances for reasons to be recorded in writing.
		(iii) The passenger has not availed this concession in the preceding three years.	(c) For condition (iii), No relaxation.

A foreigner with a valid visa, other than tourist visa, engaged in any profession in India or transferring his residence to India, on arrival, shall be allowed clearance free of duty (in addition to what is allowed as mentioned above)

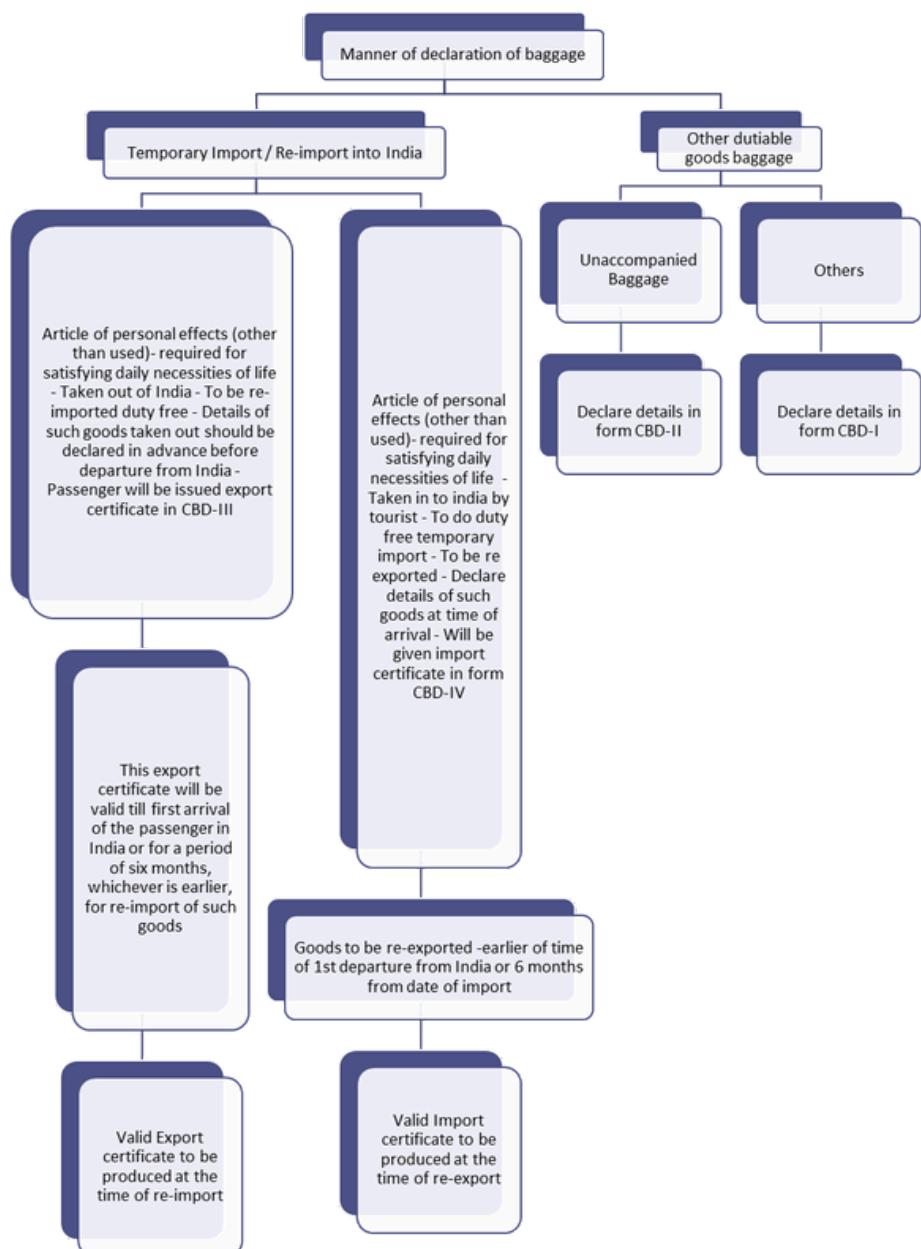
Duration of stay in India	Articles allowed free of duty	Conditions	Relaxation
(1)	(2)	(3)	(4)
6 to 12 mths	Personal and household articles, other than those mentioned in Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of one lakh fifty thousand rupees.	(i) Minimum stay of six months in India;	For condition (i), shortfall of upto three months in stay in India can be condoned by Principal Commissioner of Customs or Commissioner of Customs, if the early departure is on account of:- (i) terminal leave being availed of by the passenger; or (ii) any other special circumstances for reasons to be recorded in writing.
		(ii) The passenger, should not have availed this concession in the preceding one year.	(b) No relaxation for condition (ii)
Minimum stay of one year during the succeeding two years from the date of arrival in India.	Personal and household articles, other than those mentioned in Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of three lakh rupees.	(i) Minimum stay of one year during the succeeding two years from the date of arrival in India.;	For condition (i), shortfall of upto three months in stay in India can be condoned by Principal Commissioner of Customs or Commissioner of Customs if the early departure is on account of:- (i) terminal leave being availed of by the passenger; or (ii) any other special circumstances for reasons to be recorded in writing.
		(ii) The passenger, should not have availed this concession in the preceding three year	(b) No relaxation for condition (ii)
Minimum stay of two years or more in India.	Personal and household articles, other than those listed at Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of seven lakh fifty thousand rupees.	(i) Minimum stay of two years in India, immediately during the succeeding the date of his or her arrival on transfer of residence;	(a) For condition (i), shortfall of upto two months for stay in India can be condoned by Deputy Commissioner of Customs or Assistant Commissioner of Customs, if the early return is on account of:- (i) terminal of professional contract (ii) any other special circumstances for reasons to be recorded in writing. (b) For condition (i), the Principal Commissioner of Customs or Commissioner of Customs may condone short visits upto six months in special circumstances for reasons to be recorded in writing.

Minimum stay of two years or more in India.	Personal and household articles, other than those listed at Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of seven lakh fifty thousand rupees.	(i) Minimum stay of two years in India, immediately during the succeeding the date of his or her arrival on transfer of residence;	(a) For condition (i), shortfall of upto two months for stay in India can be condoned by Deputy Commissioner of Customs or Assistant Commissioner of Customs, if the early return is on account of:- (i) terminal of professional contract (ii) any other special circumstances for reasons to be recorded in writing. (b) For condition (i), the Principal Commissioner of Customs or Commissioner of Customs may condone short visits upto six months in special circumstances for reasons to be recorded in writing.
		(ii) The passenger has not availed this concession in the preceding three years.	(c) No relaxation for condition (ii)
returning after stay abroad of two years or more.	Personal and household articles, other than those listed at Annexure-I but including articles mentioned in Annexure-II not more than one unit each, upto an aggregate value of seven lakh fifty thousand rupees.	(i) Minimum stay of two years abroad, immediately preceding the date of his or her arrival on transfer of residence;	(a) For condition (i), shortfall of upto two months in stay abroad can be condoned by Deputy Commissioner of Customs or Assistant Commissioner of Customs if the early return is on account of:- (i) terminal leave or vacation being availed of by the passenger; or (ii) any other special circumstances for reasons to be recorded in writing.
		(ii) Total stay in India on short visit during the two preceding years should not exceed six months; and	(b) For condition (ii), the Principal Commissioner of Customs or Commissioner of Customs may condone short visits in excess of six months in special circumstances for reasons to be recorded in writing.
		(iii) The passenger has not availed this concession in the preceding three years.	(c) For condition (iii), No relaxation.

Note 3:

- Import/ Export of foreign currency governed by provisions of the Foreign Exchange Management (Export and Import of Currency) Regulations, 2015, and the notifications issued thereunder.
- Import of pets shall be governed by specific rules & regulations notified by the government in this regard
- Unaccompanied baggage: These rules shall apply to all unaccompanied baggage [Except general free allowance – bonafied nature to be established before free clearance] unless otherwise excluded under these rules. Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, may allow the unaccompanied baggage if it is in the possession of the passenger abroad and dispatched within one month of his arrival in India or within such period. Further that the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, may allow unaccompanied baggage to land in India upto two months before the arrival of the passenger or within such period, not exceeding one year, for reasons to be recorded in writing, if he is satisfied that the passenger was prevented from arriving in India within the period of two months due to circumstances beyond his control, such as sudden illness of the passenger or a member of his family, or natural calamities or disturbed conditions or disruption of the transport or travel arrangements in the country or countries concerned or any other reasons, which necessitated a change in the travel schedule of the passenger.

- Applicability of these rules to Crew member of a vessel / aircraft: These rules shall also apply to the crew members engaged in a foreign going conveyance for importation of their baggage at the time of final pay off on termination of their engagement. However such crew members of vessel / aircraft shall be allowed to bring articles like chocolates, cheese, cosmetics and other gift articles for their personal or family use which shall not exceed the value of two thousand and five hundred rupees
- Passengers carrying goods in commercial quantity or prohibited goods shall not be entitled to clearance of such goods as bona fide baggage and such goods shall be dealt as per other applicable provisions of the Customs Law.
- If a passenger is carrying a marginal excess of goods which are freely importable as normal cargo in the bona fide baggage, it shall not be treated as prohibited merely because they are brought as baggage, consumer goods imported in commercial quantity are not eligible for clearance as bona fide baggage. As a facilitation measure, where a passenger carries a marginal excess of otherwise bona fide baggage, such excess may be allowed clearance on payment of applicable customs duty. The presence of some commercial goods does not render the entire baggage non-bona fide, and the remaining bona fide baggage may be extended admissible concessions. In such cases, the remaining bona fide baggage shall be eligible for admissible concessions, and duty-free allowances, as applicable under the Baggage Rules, shall be extended to the passenger.
- Overview of Customs Baggage (Declaration and Processing) Regulations, 2026



Important points to consider:

- In case no dutiable goods are carried, then no declaration to be filed & passenger shall enter the green channel. In all other cases the passenger shall enter the red channel & pay the duty / make required declarations before entering the green channel
- In case the declarations are not made electronically the AC/DC Customs has power to allow such declaration to be made in any other mode on arrival
- The declarations may also be made electronically three days before the arrival of the passenger in respect of accompanied baggage or three days before the arrival of the baggage in respect of unaccompanied baggage, as the case may be
- The baggage declaration filed electronically or otherwise shall be subjected to verification primarily on the basis of risk-based evaluation
- The passengers arriving in India who are carrying dutiable or prohibited goods and have declared electronically their accompanied baggage, may update details regarding the same till the date and time of their arrival
- Such declarations can also be filed by authorized person, in relation to unaccompanied baggage. In case of a passenger who has not attained the age of eighteen years, the declaration may be filed only by a family member or a legal guardian [unless he is travelling alone]
- The declaration and all supporting documents shall be retained for a period of five years from the date of filing an electronic declaration or otherwise
- Any person who contravenes any of the provisions of these regulations or abets such contravention or fails to comply with any of the provision of these regulations with which it was his duty to comply, shall be liable to penalty under clause (ii) of sub-section (2) of section 158 of the Act

Examination and clearance of baggage:

The passenger who made the declaration shall present the baggage to the Customs Officer at the Red Channel or customs notified area for clearance, as the case may be, for verification including examination thereof. Where the proper officer is satisfied that any baggage declared does not contain prohibited goods and on verification of payment of duty, bona fide baggage shall be allowed for clearance and in any other case, the action may be initiated

Transit of unaccompanied baggage to customs stations

Where the unaccompanied baggage of any passenger imported into any of the customs station are mentioned in the arrival manifest or import manifest or import report, as the case may be, for transshipment, based on the request of the passenger for clearance in any other customs station, other than the customs station at which the baggage has arrived, such baggage may be permitted to be transported to the customs station at which the passenger desires, by air or by rail or by road, subject to the following conditions, namely:-

- (a) where all arrangements are made by the passenger or his agent for the transport of such baggage from the customs station of arrival to the customs station at which he desires to have such baggage cleared, for its booking to that station and for its transport to that customs station;
- (b) the baggage shall be sealed at the customs station of arrival in the presence of the passenger or his authorised representative;
- (c) the authorised carrier of the goods shall be allowed transportation of the goods upon execution of bond and security to the satisfaction of the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, at the customs station of arrival

Custody and Disposal of Baggage:

Where baggage contains prohibited or dutiable goods, the proper officer may, either at the request of the passenger or otherwise, detain such goods for the purpose of being returned to the passenger on his leaving India or otherwise in CBD-V. The baggage so detained or unclaimed shall remain in the custody of the customs or any other person as approved by the Principal Commissioner of Customs or Commissioner of Customs. The charges for the baggage including any package comprised therein, detained or seized from passengers or taken over as unclaimed and subsequently released or returned, shall be collected at the time when the baggage or package is released or returned. No charge shall be levied in respect of any baggage or package detained by the customs authorities but released to the passenger on the ground that it has been found to be bona fide. The detained baggage or unclaimed, if not cleared or re-exported within the period of six months from the arrival of the passenger or such extended period not more than six months to the satisfaction of the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, whichever is later, such baggage may, after notice to the passenger and with the permission of the proper officer, be sold or otherwise disposed of by the person having the custody thereof.

Where the baggage is to be sold, the sale proceeds shall be appropriated towards, namely: –

- (a) to the payment of the expenses of the sale;
- (b) to the payment of the freight and other charges, if any, payable in respect of the goods sold, to the carrier, if notice of such charges has been given to the person having custody of the goods;
- (c) to the payment of the duty, if any, on the goods sold;
- (d) to the payment of the charges in respect of the goods sold due to the person having the custody of the goods;
- (e) to the payment of any amount due from the owner of the goods to the Central Government under the provisions of this Act or any other law relating to customs; and the balance, if any, shall be paid to the owner of the goods

Where it is not possible to pay the balance of sale proceeds, if any, to the owner of the goods within a period of six months from the date of sale of such goods or such further period as the Principal Commissioner of Customs or Commissioner of Customs may allow, such balance of sale proceeds shall be paid to the Central Government.

Temporary detention for release or re-export.-

Where a passenger requests detention of dutiable or restricted or prohibited articles, after completing the due procedures of Customs Act 1962, if any, for the purpose of subsequently release or re-export or otherwise, the proper officer may detain such articles and issue a detention receipt containing complete particulars of the passenger, the detained articles and the details of the detaining officer. The process of detention, appraisement and re-export shall be clearly explained to the passenger, and the detained articles shall be subsequently released or returned at the time of departure for re-export or otherwise, subject to verification and compliance with prescribed conditions. The procedure of article detention should be carefully followed when passenger is not able to pay duty or goods are prohibited or restricted in nature.

A temporary baggage import certificate may be issued to tourists to allow temporary import of personal effects for bona fide use, subject to re-export at the time of first departure from India or within six months, whichever is earlier. A Detention receipt is issued in those cases where goods are restricted, or prohibited, or where the passenger cannot pay duty; in cases, the proper officer may detain the articles and issue a detention receipt, with the articles subsequently released or returned to the passenger on departure. Both the temporary baggage import certificate and detention receipts are facilitative measures and shall be applied appropriately to ensure passenger convenience while safeguarding revenue and ensuring regulatory compliance.

Clearance of unaccompanied Baggage:

Where a passenger requests clearance of unaccompanied baggage at a customs station other than the station of arrival, such baggage may be allowed for transit or transhipment to the requested customs station, provided the baggage is duly manifested for transhipment. The arrangements for transportation of the baggage from the customs station of arrival to the destination customs station shall be made by the passenger or his authorised agent. The unaccompanied baggage shall be sealed at the customs station of arrival in the presence of the passenger or his authorised representative. Transportation of the baggage shall be allowed only through an authorised carrier, upon execution of bond and furnishing of security to the satisfaction of the Principal Commissioner or Commissioner of Customs at the customs station of arrival.

Special Categories of Passengers

Crew members are entitled only to the limited concessions expressly provided under the Baggage Rules, 2026, and are not to be treated as passengers for other purposes. Import of articles beyond such entitlement by crew members is unauthorised and liable to confiscation under the Customs Act, 1962. Clearance of baggage of diplomatic officers and Government officials returning to India on completion or premature termination of foreign assignments shall be governed by the Baggage Rules, 2026. The import policy relating to firearms and motor vehicles as baggage shall continue to be governed by the relevant provisions of the ITC (HS) and the Foreign Trade Policy issued by DGFT, as amended from time to time. The Baggage Rules, 2026 do not confer any independent entitlement for the import of firearms or motor vehicles as baggage

Mishandled Baggage

Mishandled baggage may be cleared at customs stations other than the port or airport of arrival of the passenger at the request of the airline, subject to verification of the bona fide nature of the baggage and production of necessary documents.

Treatment at land borders

Passengers arriving in India by land shall be allowed duty- free clearance only of used personal effects required for daily necessities of life. The general duty-free allowance applicable to passengers arriving by air or sea shall not apply to land border arrivals, irrespective of the category of passenger.

Changes in tariff Rate

The customs proposals in the Union Budget 2026 encompass calibrated changes in customs tariff rates to support key sectors, along with a wide-ranging rationalisation of existing exemptions to remove redundancies and align concessions with national priorities. Further, structured sunset clause mechanism has been introduced to ensure periodic review of all exemptions, while select critical exemptions have been extended to sustain momentum in high-growth and strategic industries.

I.The summary of customs tariff rate changes including introduction of new tariff items and exemptions is summarised in below comparison table.

Refer Enclosure-1 attached to this note

II.Other Changes Proposed in Customs Notifications:

The proposed amendments focus on aligning customs policy with national priorities like indigenous manufacturing and defense self-reliance.

1) Energy Storage & Electric Vehicles:

The Basic Customs Duty (BCD) exemption for capital goods used in manufacturing Lithium-ion cells is extended to include Battery Energy Storage Systems (BESS) w.e.f. February 2, 2026.

2) Aviation & Defense Manufacturing:

BCD exemption is introduced for raw materials and components used in the manufacture, repair, or overhauling (MRO) of aircraft and their parts w.e.f. February 2, 2026.

This applies to Public Sector Units under the Ministry of Defence and private manufacturers, provided they follow the IGRS Rules 2022 and produce necessary end-use certificates.

3) Nuclear Power Expansion:

The exemption for goods required for nuclear power projects has been modified to remove capacity limits, covering projects irrespective of their power output.

The validity of this exemption is extended significantly from September 2027 to September 30, 2035.

1) Health & Rare Diseases:

List 3 appended to TABLE I of notification No. 45/2025-Customs dated 24.10.2025, is updated to include 17 new drugs/medicines, and List 22 appended to TABLE I of notification No. 45/2025-Customs dated 24.10.2025, is expanded by 7 rare disease treatments under the National Policy for Rare Diseases for personal use and BCD exemption is extended thereon.

I.Review of Customs Duty Exemptions:

The government has performed a systematic "sunset review" of existing exemptions to ensure they remain relevant or are phased out if redundant.

1) Major Extensions (Valid until March 31, 2028):

Approximately 102 entries in notification No. 45/2025-Customs dated 24.10.2025 (expiring on 31.03.2026) have been extended, including inputs for solar photovoltaic cells, BLDC motors, textile/leather garments for export, and newsprint/newspaper printing.

2) Lapsing Exemptions (Ending March 31, 2026):

22 entries in notification No. 45/2025-Customs dated 24.10.2025 will lapse on 31.03.2026, including exemptions for Naphtha for fertilizers, certain LPG quantities, silicon for solar wafers, and parts for digital still cameras or gaming consoles.

3) New Sunset Clauses:

A sunset date of March 31, 2027, is now prescribed for exemptions on Gold/Silver dore bars and certain Gold/Silver bars and ornaments.

4) Rationalization for Exporters:

The duty-free import limit for specified goods used in sea-food processing is increased from 1% to 3% of the FOB value of exports from the preceding year.

I.Social Welfare Surcharge (SWS) – Key Changes:

The changes in SWS are largely technical, ensuring that the total duty incidence remains stable even when exemption notifications are consolidated.

1) Technical Re-alignment:

Goods like natural graphite, quartz, and silicon dioxide will continue to be exempt from SWS. This change is technical because these items were shifted from one notification (No. 36/2024) to the general SWS exemption notification (No. 11/2018).

1) Restrictive Measure (Personal Use):

Effective April 1, 2026, SWS will be levied on all dutiable goods imported for personal use (falling under heading 9804).

2) Beneficial Inclusion (Electronic Toys):

Effective February 2, 2026, parts used in the manufacture of electronic toys will be specifically exempt from the levy of SWS.

I. Agriculture Infrastructure and Development Cess (AIDC) – Key Changes:

Changes in AIDC are minimal and primarily focused on maintaining consistency during the restructuring of other notifications. AIDC on Aircraft Tyres: Despite the omission of certain redundant entries in the BCD notifications, the AIDC rate on new pneumatic tyres of rubber used on aircraft will continue unchanged at 0.5%.

Tariff Heading (HS Code)	Commodity Description	Earlier Rate of Duty	Revised / New Rate of Duty	Type of Change	Effective Date of Change	Finance Bill clause / Serial No. in
6601 91 00, 6601 99 00	Umbrellas (other than garden umbrellas)	20%	20% or Rs. 60 per piece,	Increase (Conditional)	02.02.2026	Clause 136(a) / S. No. 1
6603 20 00, 6603 90 10, 6603 90 90	Parts, trimmings and accessories of articles of heading 6601 to 6602	10%	10% or Rs. 25 per kg., whichever is	Increase (Conditional / Higher of	02.02.2026	Clause 136(a) / S. No. 2
9804	All dutiable goods, imported for personal use	20%	10%	Decrease	01.04.2026	Clause 136(b) / S. No. 1
0207 25 00, 0207 27 00	Meat and edible offal of turkeys, frozen	30%	5%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 1
0306 36 60	Artemia	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 2
0511 91 40	Artemia cysts	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 3
0802 11 00	Almonds, in shell	Rs. 42 per kg	Rs. 35 per kg	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 4
0802 12 00	Almonds, shelled	Rs. 120 per kg	Rs. 100 per kg	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 5
0802 31 00	Walnuts, in shell	120%	100%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 6
1209 (other than 1209 91 and 1209 99)	Seeds, fruit and spores, of a kind used for sowing	30%	15%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 7
1505	Wool grease and fatty substances derived therefrom (including	30%	15%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 8
2008 19 21, 2008 19 22, 2008 19 29,	Makhana, other roasted nuts and seeds	150%	30%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 9
2008 19 92	Other nuts, otherwise prepared or preserved	150%	30%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 10
2309 90 31	Prawn and shrimps feed	15%	5%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 11
2504	Natural graphite	5%	2.50%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 12
2505	Natural sands of all kinds, whether or not coloured, other than metal bearing	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 13
2506	Quartz (other than natural sands); quartzite, whether or not roughly trimmed or	5%	2.50%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 14

2530 90 91	Strontium sulphate (natural ore)	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 15
2701, 2702, 2703	Coal; briquettes, ovoids and similar solid fuels	5%	2.50%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 16
2709 00 10	Petroleum crude	5%	Re 1 per tonne	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 17
2804 50 20	Tellurium	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 18
2804 61 00	Silicon, containing by weight not less than 99.99% of silicon	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 19
2804 69 00	Silicon, other	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 20
2804 90 00	Selenium	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 21
2805 30 00	Rare-earth metals, scandium and yttrium, whether or not	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 22
2809 20 10	Phosphoric Acid	7.50%	5%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 23
2811 22 00	Silicon dioxide	7.50%	2.50%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 24
2816 40 00	Oxides, hydroxides and peroxides, of strontium or	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 25
2822 00 10	Cobalt oxides	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 26
2822 00 20	Cobalt hydroxides	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 27
2822 00 30	Commercial cobalt oxides	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 28
2825 20 00	Lithium oxide and hydroxide	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 29
2825 30	Vanadium oxides and hydroxides	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 30
2825 60 10	Germanium oxides	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 31
2825 70	Molybdenum oxides and hydroxides	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 32
2825 80 00	Antimony Oxides	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 33
2825 90 20	Cadmium oxide	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 34
2827 35 00	Chlorides of Nickel	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 35
2827 39 30	Strontium chloride	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 36
2833 24 00	Sulphates of Nickel	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 37
2834 21 00	Nitrates of potassium	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 38
2836 91 00	Lithium carbonates	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 39

2836 92 00	Strontium carbonate	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 40
2910 20 00	Methyloxirane (propylene oxide)	5%	2.50%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 41
2918 15 30	Bismuth citrate	7.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 42
3102 30 00	Ammonium nitrate, whether or not in aqueous solution	10%	5%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 43
3801	Artificial Graphite; colloidal or semi-colloidal graphite;	7.50%	2.50%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 44
3808 93 30	Gibberellic acid	10%	5%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 45
3904	Polymers of vinyl chloride or of other halogenated olefins, in	10%	7.50%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 46
4906	Plans and drawings for architectural, engineering,	10%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 47
5201 00 25	Other cotton of staple length exceeding 32.0 mm	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 48
7202 60 00	Ferro-nickel	2.50%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 49
7402 00 10	Blister copper	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 50
7802	Lead waste and scrap	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 51
7902	Zinc waste and scrap	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 52
8105 20 30	Cobalt powders	5%	Nil	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 53
8419 89 12 - 8419 89	Reactors, columns or towers or chemical storage tanks	10%	7.50%	Decrease (Tariff rate alignment)	01.05.2026	Clause 136(c) / S. No. 54
0306 19 10	Krill, frozen	New Tariff	15%	New insertion	01.05.2026	Clause 136(c) / S. No. 55
0802 99 10	Pecan Nuts	New Tariff	30%	New insertion	01.05.2026	Clause 136(c) / S. No. 56
0810 40 10	Cranberries, fresh	New Tariff	10%	New insertion	01.05.2026	Clause 136(c) / S. No. 57
0810 40 20	Blueberries, fresh	New Tariff	10%	New insertion	01.05.2026	Clause 136(c) / S. No. 58
0811 90 11, 0811 90 91	Cranberries, frozen	New Tariff	10%	New insertion	01.05.2026	Clause 136(c) / S. No. 59
0811 90 12, 0811 90 92	Blueberries, frozen	New Tariff	10%	New insertion	01.05.2026	Clause 136(c) / S. No. 60
0813 40 30	Cranberries, dried	New Tariff	10%	New insertion	01.05.2026	Clause 136(c) / S. No. 61
0813 40 40	Blueberries, dried	New Tariff	10%	New insertion	01.05.2026	Clause 136(c) / S. No. 62
1207 99 50	Shea Nuts	New Tariff	15%	New insertion	01.05.2026	Clause 136(c) / S. No. 63
2008 93 10	Cranberries, otherwise prepared or preserved, whether or not	New Tariff	5%	New insertion	01.05.2026	Clause 136(c) / S. No. 64
2008 99 15	Blueberries, otherwise prepared or preserved, whether or not	New Tariff	10%	New insertion	01.05.2026	Clause 136(c) / S. No. 65

2106 90 (other than 2106 90 51)	Other than compound alcoholic preparations of a kind used for manufacture of beverages, of an alcoholic	New Tariff Entry	50%	New insertion	01.05.2026	Clause 136(c) / S. No. 66
2202 99 21, 2202 99 31,	Cranberry products	New Tariff Entry	10%	New insertion	01.05.2026	Clause 136(c) / S. No. 67
2529 22 10	Acid grade fluorspar containing by weight more	New Tariff Entry	2.50%	New insertion	01.05.2026	Clause 136(c) / S. No. 68
2615 10 10	Hafnium ores and concentrates	New Tariff Entry	Nil	New insertion	01.05.2026	Clause 136(c) / S. No. 69
2841 90 10	Ammonium metavanadate	New Tariff Entry	2.50%	New insertion	01.05.2026	Clause 136(c) / S. No. 70
2932 20 40	Gibberellic acid	New Tariff Entry	5%	New insertion	01.05.2026	Clause 136(c) / S. No. 71
2915 90 96	Triethyl orthoformate	New Tariff Entry	5%	New insertion	01.05.2026	Clause 136(c) / S. No. 72
2917 19 22	Diethyl malonate	New Tariff Entry	5%	New insertion	01.05.2026	Clause 136(c) / S. No. 73
2922 19 30	DL-2 Aminobutanol	New Tariff Entry	5%	New insertion	01.05.2026	Clause 136(c) / S. No. 74
2932 20 50	Aceto butyrolactone	New Tariff Entry	5%	New insertion	01.05.2026	Clause 136(c) / S. No. 75
2932 99 30	Artemisinin	New Tariff Entry	5%	New insertion	01.05.2026	Clause 136(c) / S. No. 76
2934 99 50	Thymidine	New Tariff Entry	5%	New insertion	01.05.2026	Clause 136(c) / S. No. 77
3302 10 19, 3302 10 99	Mixtures of odoriferous substances of a kind used in food or drink industries other than compound alcoholic preparations of a kind used for manufacture of beverages, of an alcoholic strength by volume exceeding 0.5% vol., determined at 20 degrees centigrade	New Tariff Entry	10%	New insertion	01.05.2026	Clause 136(c) / S. No. 78
4104 11 10, 4104 19 10, 4105 10 00,	Wet blue leather (hides and skin)	New Tariff Entry	Nil	New insertion	01.05.2026	Clause 136(c) / S. No. 79
4702 00 10	Rayon grade wood pulp	New Tariff Entry	2.50%	New insertion	01.05.2026	Clause 136(c) / S. No. 80
4823 90 90 (item 4823 90 40)	All goods other than kites (kites fall under new tariff item 4823 90 40)	New Tariff Entry	10%	New insertion	01.05.2026	Clause 136(c) / S. No. 81
8101 99 20	Tungsten (wolfram) bars and rods, other than those obtained simply by sintering, profiles, plates, sheets, strip and foil	New Tariff Entry	5%	New insertion	01.05.2026	Clause 136(c) / S. No. 82
8415 90 90	All goods other than indoor or outdoor units of split-system air conditioner	New Tariff Entry	10%	New insertion	01.05.2026	Clause 136(c) / S. No. 83

8421 99 90	All goods other than Reverse Osmosis (RO) membrane element for household type filters	New Tariff Entry	7.50%	New insertion	01.05.2026	Clause 136(c) / S. No. 84
8507 90 20	Battery separators	New Tariff Entry	5%	New insertion	01.05.2026	Clause 136(c) / S. No. 85
8529 10 93, 8529 90 30	Parts suitable for use solely or principally with the apparatus of headings 8525, 8526 or 8527	New Tariff Entry	10%	New insertion	01.05.2026	Clause 136(c) / S. No. 86
8609 00 10	Refrigerated containers	New Tariff Entry	5%	New insertion	01.05.2026	Clause 136(c) / S. No. 87
2612 20 00	Monazite	2.50%	Nil	Decrease	02.02.2026	Notif 45/2025; S. No. 84A
2841 90 00	Sodium antimonate for use in manufacture of solar glass	7.50%	Nil	Decrease	02.02.2026	Notif 45/2025; S. No. 110A
2815 20 00	Potassium hydroxide	Nil	7.50%	Increase	02.02.2026	Notif 36/2024; S. No. 21
8401 30 00	All goods for generation of nuclear power	7.50%	Nil	Decrease	02.02.2026	Notif 45/2025; S. No. 227A
8401 40 00	Control and Protector Absorber Rods, and Burnable Absorber Rods, for generation of nuclear power	7.50%	Nil	Decrease	02.02.2026	Notif 45/2025; S. No. 227B
8501 10 20, 8504 31 00, 8516 80 00, 8516 90 00	Specified goods for use in the manufacture of Microwave Ovens falling under tariff item 8516 50 00	As applicable	Nil	Decrease	02.02.2026	Notif 45/2025; S. No. 278A

CONSOLIDATED NOTE ON GOODS & SERVICES TAX PROPOSALS

I. Rationalisation of Post-Sale Discounts and Valuation

- Section 15(3)(b), CGST Act: The requirement to link post-sale discounts with a pre-existing agreement (entered into at or before the time of supply) is proposed to be removed.
- Conditions for Exclusion: Discounts decided after the supply can now be excluded from the taxable value, provided a credit note is issued under Section 34 and the recipient reverses the proportionate Input Tax Credit (ITC).
- Section 34, CGST Act: This section is being amended to include an explicit reference to Section 15(3)(b), ensuring that the issuance of credit notes for value adjustments operates consistently with valuation rules.

Shreyas Comments

Post the amendment, reduction in turnover on account of credit notes issued under Section 34 or Section 15 read with Section 34 can be claimed only if it is established that the recipient has reversed the corresponding input tax credit. Accordingly, it is essential to ensure and substantiate ITC reversal by the recipient, which may be verified through acceptance of credit notes on the Invoice Management System (IMS) on the GST portal, including deemed acceptance, though IMS is presently not mandatory. Where such acceptance is not reflected, appropriate steps must be taken to secure the same, or alternatively, a written declaration from the recipient confirming reversal of ITC should be obtained and retained as supporting evidence for assessment and other proceedings.

II. Facilitation of GST Refunds

- Provisional Refunds for Inverted Duty Structure (Section 54(6), CGST Act): The facility for provisional refunds (up to 90% upfront) is extended to refund claims arising from an inverted duty structure. Previously, this was primarily available for zero-rated supplies like exports.
- Removal of Threshold for Export Refunds (Section 54(14), CGST Act): The minimum threshold limit (previously Rs.1,000) for sanctioning refund claims for exports made on payment of tax is proposed to be removed. This is expected to benefit small exporters using courier or postal channels.

Shreyas Comments

A taxpayer-friendly measure aimed at easing cash flow and procedural bottlenecks. Extension of provisional refunds to inverted duty structure cases will provide immediate liquidity to businesses facing ITC accumulation, while removal of the minimum refund threshold for export refunds will benefit small exporters exporting by post or couriers.

III. Strengthening Appellate Mechanisms

- National Appellate Authority for Advance Rulings (NAAAR): To ensure consistency in advance rulings across different states, the Government is empowered to notify an existing authority, such as the Principal Bench of the GST Appellate Tribunal (GSTAT), to hear appeals under Section 101B.

VI. Place of Supply for Intermediary Services

- **Section 13(8)(b), IGST Act:** This specific clause, which deemed the place of supply for intermediary services to be the location of the supplier, is proposed to be omitted.
- **Shift to General Rule:** The place of supply for intermediaries will now be determined under the general rule of Section 13(2), which is the location of the recipient of services.

Shreyas Comments

This change allows Indian intermediaries serving foreign clients to qualify for export benefits (zero-rating) and reduces long-standing litigation regarding the taxability of these services.

Thankyou.

Expert Contributors

GST	Fiscal	Direct Tax	Custom
CA JS Srinivasan	CA Ramanujan Sharma	Bharath Kumar	Adv T S Ravi
CA M Srinivasan Prabhu	Adv Richa Singh	CA Lakshay Chopra	CA Appala Naidu
CA Harshh MK	Kanika Bansal	CA Ramakrishnan R	CA Karthik Ramesh
CA Harsh Ranka		CA Kailash Saini	

Shreyas Presence

Chennai:

1st Floor, Old No: 9 New No 6,
Demonte Street, Santhome,
Chennai - 600 004. Tamilnadu
Call: +91-9789976079/9094044069
Email: admin@shreyasglobal.com

Hyderabad:

4th Floor, Hunters Quest Building,
Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081. Telangana. INDIA
Mob: +91-89194 28525
Email: aswani@shreyasglobal.com

Coimbatore:

32/1, First Floor, 2nd West Street,
STV Nagar, Nava India,
Coimbatore - 641 004. Tamilnadu
Mob: +91-88833 77133 / 97988 07453
Email: dhineshraja@shreyasglobal.com

Hosur:

No.4-1, NR Complex, Teachers Colony,
5th Cross, Bagalur Road,
Hosur - 635 109. Tamilnadu
Mob: +91 85263 25126
Email: admin@shreyasglobal.com

USA:

13366, Nw Hogan Street,Portland, USA 097229
Mob: +91 99401 10007
Email: suneel@shreyasglobal.com

We have representative presence in all the tax circles in India and help our clients to handle all their Tax compliances and issues through our company as a Single Point Of Contact (SPOC)

Delhi NCR::

102, First Floor, JMD Galleria, Sec 48,
Sohna Road, Gurgaon - 122018. Haryana
Mob: +91-9667711331
Email: ramanujan@shreyasglobal.com

Mumbai:

1112-1113, 11th flr, Kosha Kommercial Komplex,
Poddar Road, Primal Nagar, Malad East,
Mumbai - 400 097. Maharashtra
Mob: +91-77386 93065 / 97899 76079
Email: admin@shreyasglobal.com

Bengaluru:

Wehive Workspace,
262 & 263, 18th E Main, HAL 2nd Stage,
Indiranagar, Bengaluru, Karnataka 560008
Mob: +91-85263 25126 / 90940 44069
Email: abishek.sriram@shreyasglobal.com

Dubai, UAE:

Fast Line Business Centre,
No.24, Garhoud Office Building, Al Garhoud,
Near GGICO Metro, Dubai. U.A.E
Mob: +971 52 562 1593
Email: admin@shreyasglobal.com

UK:

22 Richardson close Aylesbury,
Buckinghamshire, HP19 8JY, UK
Mob: +91 85263 25126
Email: abishek.sriram@shreyasglobal.com

*Scan QR code to find
Govt schemes for
your business.*



Our Advisory Panel

S K R and Company LLP
Chartered Accountants

N.V. Balaji & Co
Chartered Accountants

N.V. Balaji
Law Chambers



[@shreyasthoughts](#)



[linkedin.com/company/smcsglobal/](#)



[@GlobalSmcs](#)