

Indirect Tax Budget Proposal 2026

Presented by TRR & Associates

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Membership Note

- One-time membership fee: Rs. 885/-
- Referral Code: Will generate additional benefits for registrations before 28.02.2026

Legislative Changes in Customs Laws

- Jurisdiction extended beyond territorial waters for fishing activities.
- Definition introduced: "Indian-flagged fishing vessel."
- Advance rulings validity: Extended to 5 years.
- New Section 56A: Fishing beyond territorial waters; fish harvested abroad treated as exports.
- Warehouse rules: Simplified transfer between bonded warehouses.
- Custody provisions: Expanded under Section 84.

Customs Tariff Act Amendments

- 148 new tariff entries added across multiple chapters.
- Rate rationalisation: Effective from 02.02.2026 and 01.04.2026.
- Simplification: Duty rates operationalised via tariff lines instead of exemption notifications.
- New tariff lines: For coated pipes, precursor chemicals, plant extracts, eco-friendly industries.

Rules & Regulations Updates

- New Baggage Rules for international passengers.
- Deferred duty payment: Monthly basis, new class of importers.
- Courier Regulations: Cap on export value removed; relaxed returns/rejects; return-to-origin allowed.

GST Amendments

- Post-sale discounts: No need for prior agreement; linked to credit notes.
- Refunds: Provisional refunds extended to inverted duty structure.
- Threshold removal: Refunds below Rs. 1000 allowed for exports.
- National Appellate Authority: Interim empowerment of existing tribunals (effective 01.04.2026).
- Intermediary services: Place of supply aligned with default IGST rules.

Customs Duty Rate Changes - Reductions

- Critical minerals: Monazite - duty reduced to Nil.
- Renewable energy: Inputs for solar glass & lithium-ion batteries - Nil duty.
- Nuclear energy: Goods & rods for nuclear power - Nil duty.
- Electronics: Microwave oven inputs - Nil duty.
- Civil aviation: Aircraft components - Nil duty.
- Defence: Raw materials for aircraft parts - Nil duty.
- Medicines: 17 new drugs & 7 rare disease treatments - Nil duty.
- Personal imports: Duty capped at 10%.

Customs Duty Rate Changes - Increases

- Chemicals: Potassium hydroxide - Nil to 7.5%.
- Umbrellas: Duty revised to 20% or Rs. 60 per piece.
- Umbrella parts: Duty revised to 10% or Rs. 25/kg.

Review of Exemptions

- Several exemptions lapsed from 02.02.2026 and 01.04.2026, including:
- Animals/birds for zoos.
- Fertiliser inputs (naphtha, ammonium phosphate).
- Coffee machines, loco simulators, X-ray equipment parts.
- Video game parts, motion picture software, e-reader components.

Export Promotion Measures

- Seafood processing: Duty-free import limit raised from 1% to 3%.
- Export timelines: Extended from 6 months to 12 months for textiles/leather goods.
- Duty exemption: Extended to shoe-uppers for export.

Central Excise Duty Changes

- Biogas/CBG in blended CNG: Exempted from excise duty value.
- NCCD revision: Rates raised to 60% (effective duty maintained at 25% via notification).

Conclusion

- Simplification of customs & GST frameworks.
- Boosting renewable, nuclear, aviation, defence, and pharma sectors.
- Rationalising exemptions and duty structures.
- Supporting exports and domestic manufacturing.