

Key tariff changes in the Union Budget 2021-22 pertaining to Electronics Hardware Sector

- Basic Customs Duty (BCD) exemption has been withdrawn on the “Metal shield” (falling under any chapter) for use in manufacture of Printed Circuit Board Assembly (PCBA) of cellular mobile phones. Consequently, “Metal shield” will now attract applicable BCD. Notification No.03/2021-Customs dated 01.02.2021 amending S.No.6A of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers.

- BCD@2.5% shall be levied on the inputs or parts and their sub-parts (except the following inputs or parts which attract applicable BCD) for use in manufacture of Printed Circuit Board Assembly (PCBA) of cellular mobile phones w.e.f. 01.04.2020. Notification No.03/2021-Customs dated 01.02.2021 amending S.No.6A of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers:
 - Connectors;
 - Microphones;
 - Receivers;
 - Speaker;
 - SIM socket;
 - Metal shield

- BCD exemption has been withdrawn on the “camera lens” (falling under any chapter) for use in manufacture of Camera Module of cellular mobile phones. Consequently, “camera lens” will now attract applicable BCD. Notification No.03/2021-Customs dated 01.02.2021 amending S.No.6B of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers.

- BCD@2.5% shall be levied on the inputs or parts and their sub-parts (except “camera lens” which attract applicable BCD) for use in manufacture of Camera Module of cellular mobile phones w.e.f. 01.04.2020. Notification No.03/2021-Customs dated

01.02.2021 amending S.No.6B of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers.

- BCD@2.5% shall be levied on the inputs or parts and their sub-parts for use in manufacture of Connectors of cellular mobile phones w.e.f. 01.04.2020. Notification No.03/2021-Customs dated 01.02.2021 amending S.No.6C of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers.
- BCD exemption has been withdrawn on the inputs or raw material for use in manufacture of following parts of cellular mobile phones. Notification No.03/2021-Customs dated 01.02.2021 amending S.No.7 of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers:

“(iv) Battery cover, (v) Front Cover, (vi) Front Cover (with Zinc Casting), (vii) Middle cover, (ix) Side Key, (xii) Screw, (xiii) Microphone rubber case, (xiv) Sensor rubber case/ sealing gasket including sealing gaskets/ cases from rubbers like SBR, EPDM, CR, CS, Silicon and all other individual rubbers or combination/ combination of rubbers, (xv) PU case/ sealing gasket-Other articles of polyurethane foam like sealing gaskets/case, (xvi) sealing gaskets/ cases from PE, PP, EPS, PC and all other individual polymers or combination/ combinations of polymers, (xvii) SIM sockets/ Other Mechanical items (Metal), (xviii) SIM sockets/ Other Mechanical items (Plastic), (xix) Back Cover, (xx) Conductive cloth, (xxi) Heat Dissipation sticker Battery cover, (xxii) Sticker battery slot, (xxiii) Protective Film for main lens, (xxv) LCD Conductive Foam, (xxvii) LCD Foam, (xxviii) BT Foam, (xxx) Key Pad”

Consequently, inputs and raw materials of above stated items shall attract the applicable BCD.

- BCD@2.5% shall be levied on the inputs or raw material for use in manufacture of following parts of cellular mobile phones w.e.f. 01.04.2020. Notification No.03/2021-Customs dated 01.02.2021 amending S.No.7 of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers:

(iii) Wired Headset, (viii) GSM Antenna/ Antenna of any technology, (x) Main lens, (xi) Camera lens, (xxiv) Mylar for LCD FPC, (xxvi) Film-Front Flash, (xxix) Microphone and Receiver, (xxxi) USB Cable, (xxxii) Fingerprint reader/ Scanner.

- BCD on PCBA of charger or adapter has been increased from 10% to 15% by increasing the tariff rate. Clause 95 (i) of the Finance Bill, 2021 refers.
- BCD has been increased from 10% to 15% on Moulded Plastics of charger or adapter. Notification No.03/2021-Customs dated 01.02.2021 omitting S.No.7B of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers.
- BCD exemption which was available to the inputs or raw material [other than PCBA (HS 85049090) and Moulded Plastics (HS 39269099 or HS 85049090)] for use in the manufacture of charger or adapter of cellular mobile phone has been withdrawn. Notification No.03/2021-Customs dated 01.02.2021 omitting S.No.7A of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers.
- All goods falling under HS 85049090 other than the PCBA and Moulded Plastic of charger or adapter shall continue to attract 10% BCD. Notification No.03/2021-Customs dated 01.02.2021 inserting S.No.13A in the Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers.
- BCD exemption on inputs or parts of PCBA and Moulded Plastic of charger or adapter of cellular mobile phone has been withdrawn, now these will attract applicable BCD. Notification No.03/2021-Customs dated 01.02.2021 omitting S.No.7C of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers.
- BCD exemption on inputs or raw material [other than Lithium-Ion Cell and PCBA] for use in manufacture of Battery pack of cellular mobile phones has been withdrawn. Notification No.03/2021-Customs dated 01.02.2021 omitting S.No.7D of Notification No.57/2017-Customs dated 30.06.2017 refers.

- BCD@2.5% shall be levied on the parts, components and accessories and their sub-parts [except Lithium-ion cell and PCBA] for use in manufacture of Lithium-ion battery and battery pack w.e.f. 01.04.2021. Notification No.02/2021-Customs dated 01.02.2021 amending S.No.512 of Notification No.50/2017-Customs dated 30.06.2017 refers.
- BCD exemption on inputs, parts or sub-parts for use in the manufacturing of PCBA of Battery pack of cellular mobile phones and Power Bank of lithium ion shall be withdrawn w.e.f. 01.04.2021. Notification No.03/2021-Customs dated 01.02.2021 omitting S.No.7E of Notification No.57/2017-Customs dated 30.06.2017 refers.
- BCD@2.5% shall be levied on inputs, parts or sub-parts (falling under Any Chapter) for use in the manufacturing of PCBA (falling under HS 85079090) of Lithium-ion battery and battery pack w.e.f. 01.04.2021. Notification No.02/2021-Customs dated 01.02.2021 inserting S.No.512A in Notification No.50/2017-Customs dated 30.06.2017 refers.
- BCD exemption has been withdrawn on inputs or raw material for use in manufacture of following goods:
 - Base stations falling under HS 85176100.
 - All goods falling under HS 85176290.
 - All goods falling under HS 85176990.

Consequently, the inputs or raw materials of aforesaid items will attract applicable BCD. Notification No.03/2021-Customs dated 01.02.2021 amending S.No.8 of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers.

- BCD@2.5% shall be levied on inputs or raw material for use in manufacture of following goods w.e.f. 01.04.2020:

- Other machines capable of connecting to an automatic data processing machine or to a network (HS 84433290).
- Ink cartridges, with print head assembly (HS 84439951)
- Ink cartridges, without print head assembly (HS 84439952)
- Ink spray nozzle (HS 84439953)

Notification No.03/2021-Customs dated 01.02.2021 amending S.No.8 of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers.

- BCD has been increased from 5% to 10% on (i) all parts for use in the manufacture of LED (Light Emitting Diode) lights or fixtures including LED lamps; and (ii) all inputs for use in the manufacture of LED driver or MCPCB (Metal Core Printed Circuit Board) for LED lights and fixtures or LED Lamps. Notification No.02/2021-Customs dated 01.02.2021 amending S.Nos.471 and 472 of Notification No.50/2017-Customs dated 30.06.2017 refers.
