

Key tariff changes in the Union Budget 2022-23 pertaining to Electronics Hardware Sector

- Basic Customs Duty (BCD) on camera lens for use in manufacture of camera module of cellular mobile phone (HS 3920 99 99 / 9002 11 00) has been decreased from 15% / 10% to 2.5%. S. No. 4(ii) of Notification No.15/2022-Customs dated 01.02.2022, amending S. No.6B of Notification No.57/2017-Customs dated 30.06.2017, as amended from time to time refers.
- BCD on following goods for use in manufacture of a transformer of a charger / adapter has been decreased from 10% / 15% to 5%. S. No. 4(iii) of Notification No.15/2022-Customs dated 01.02.2022, inserting new S. No.13B in Notification No.57/2017-Customs refers. The concessional rate will be valid till 31.03.2024:
 - (a) Varnish (HS 3208 90 49)
 - (b) Insulation tape (HS 3919 90 90)
 - (c) Ferrite core (HS 8504 90 10)
 - (d) Copper wires enameled (HS 8544 11 10)
 - (e) Triple insulated winding wire (HS 8544 49 99)
- Phased Manufacturing Program (PMP) has been notified for Wrist Wearable Devices (commonly known as smart watches, falling under HS 8517 62 90) and its inputs / parts / sub-parts vide Notification No.11/2022-Customs dated 01.02.2022.

Printed Circuit Board Assembly (PCBA), falling under tariff item 8517 79 10, for wrist wearable devices is being excluded from the BCD exemption contained in S.No.13S of Notification No.24/2005-Customs dated 01.03.2005, as the BCD rates on PCBA for wrist wearable devices will now be governed by Notification No.11/2022-Customs 01.02.2022. S.No. 2(i) of Notification No.15/2022-Customs dated 01.02.2022 refers.

Similarly, parts of wrist wearable devices falling under tariff item 8517 79 90 are being excluded from the BCD exemption contained in S. No.5 of Notification No.57/2007-Customs dated 30.06.2017, as the BCD rates on such parts will now be governed by Notification No.11/2022-Customs dated 01.02.2022. S. No.4(i) of Notification No.15/2022-Customs dated 01.02.2022 refers.

- Phased Manufacturing Program (PMP) has been notified for Hearable Devices and its inputs / parts / sub-parts vide Notification No.12/2022-Customs dated 01.02.2022.

The tariff rate on all goods falling under tariff item 8518 21 00, 8518 22 00, 8518 29 00 and 8518 30 00 is being increased from 15% to 20% [Clause 97(a) of the Finance Bill 2022 refers]. However, vide S. No.9 of Notification No.12/2022-Customs dated 01.02.2022, concessional BCD rate of 15% will continue on these goods till 31.03.2022.

The BCD rate on all goods falling under sub-headings 8518 21, 8518 22, 8518 29 and 8518 30, other than 'hearable devices' (as defined in the Notification No.12/2022-Customs) shall continue to remain 15%. S. No.10 of Notification No.12/2022-Customs dated 01.02.2022 refers.

Similarly, the tariff rate on parts of goods falling under heading 8518 (tariff item 8518 90 00) is being increased from 10% to 15% [Clause 97(b) of the Finance Bill 2022 refers]. However, the BCD rate on these goods would remain at '10%', excluding specific parts of hearable devices which will attract BCD rates as per the PMP. S. No.11 of Notification No.12/2022-Customs dated 01.02.2022 and S. No. 4(iv) of Notification No.15/2022-Customs dated 01.02.2022 refers.

- BCD has been exempted on Aluminium / Copper based Copper Clad Laminates for use in manufacture of Printed Circuit Boards (PCBs) / Metal Clad Printed Circuit Boards (MCPCBs) by amending S. No.122 of Notification No.25/1999-Customs dated 28.02.1999 vide S. No.59 of Notification No.14/2022-Customs dated 01.02.2022.
- Notification No.25/2002-Customs dated 01.03.2002 provides BCD exemption on capital goods imported for manufacture of specified electronic goods. The exemption notification has been reviewed and a sunset date of 31.03.2024 has been prescribed for the exemptions provided under this notification. S. No.1 of Notification No.15/2022-Customs dated 01.02.2022 refers.
- Notification No. 25/1999-Customs provides BCD exemption on goods imported for the manufacture of specified electronic goods. The exemption notification has been reviewed comprehensively and suitable amendments are being made to the said notification. Further,

a sunset date of 31.03.2024 has been prescribed for the remaining exemptions under this notification. Notification No.14/2022-Customs dated 01.02.2022 refers.
