

85D IT Agreement – Zero Duty on 217 Lines, Protection to Domestic Manufacturing

85D.1 Zero Duty under ITA Goods and their Manufacture I – 24/01.03.2005

85D.2 Zero Duty under ITA Goods and their Manufacture II – 25/01.03.2005

85E ELECTRONIC PARTS, COMPONENTS

85E.1 Raw Material and Parts for Electronic Components – 25/28.02.1999 as amended by 16/17.03.2012

85E.2 Machinery for Manufacture of Parts, Components and Final Products – 25/01.03.2002

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85E.7 No ETA (Equipment Test Approval) for Electronic Equipment upto 1000 Pcs – Delhi Customs 10-PN/01.04.2019

85D IT Agreement – Zero Duty on 217 Lines, Protection to Domestic Manufacturing

This agreement was concluded at Singapore in 1996 during the WTO Ministerial. India later joined the ITA as a signatory but asked for more time in the zero duty programme on 217 ITA products which were to be brought to zero by year 2000. It sought, and procured, time to come to zero duty and accordingly brought zero duty by year 2005. India has not signed the ITA-II Agreement signed at the WTO Nairobi Ministerial in 20 December 2015.

The zero duty is bound at WTO and thus cannot be increased under treaty obligation.

The ITA is confined only to the applied duty of customs, that is, the basic duty of customs. The other duties which countervail domestic duty are not part of the ITA. Accordingly, the duties of section 3 apply on ITA items. However, please

note that education cess is exempted on ITA goods since the impost will be against the zero duty binding at WTO.

In order to promote manufacture in the country, all inputs going into the manufacture of ITA bound items are also at zero duty.

SAD is exempted on the goods going into manufacture of ITA goods.

The main notifications are:

H1.1 24/01.03.2005 Zero Duty under ITA Goods and their Manufacture I

H1.2 25/01.03.2005 Zero Duty under ITA Goods and their Manufacture II

Budget 2016 Notes

(a) Populated PCBs going into manufacturing are no longer exempted from SAD. For details, see Budget Notes Part B1.

(b) Differential Duty regime to protect manufacturing for details please see Part C5.

85D.1 Zero Duty under ITA Goods and their Manufacture – I

• There is no IGST exemption on the goods in this notification.

Four groups of telecom products under subheadings 85176290 and sub-heading 85176990, the basic duty has gone up to 10% from NIL, under the IT Agreement. The Government claims that these products are not covered by the IT Agreement signed in 1996 which requires zero duty. These goods are of post 1996 IT Agreement origin. Please note that all goods for the manufacture of the four groups cited above is at zero duty. (Please see SNo. 13 and SNo. 40 in Notification 24/01.03.2005 below as amended by 11/11.07.2014 w.e.f. 11.07.2014; 19/01.03.2016 – SNo. 39 substituted). - Ed.

67/31.12.2016 - HS2017 changes incorporated

58/30.06.2017 - SNos. 2, 4 and 13 substituted and SNo. 40 omitted. Basic duty on mobile phones imposed.

Ntfn 24 In exercise of the powers conferred by sub-section (1) of 01.03.2005 section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts the following goods of the description as specified in column (3) of the Table below and falling under the heading, sub-heading or tariff-item of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) as specified in the corresponding entry in column (2) of the said Table, when imported into India, from the whole of the duty of customs leviable thereon under the said First Schedule, namely:-

Table

SNo.	Heading, sub-heading or tariff item	Description
1	2	3
1	3818 00	All goods
2.	8443 31 00 or 8443-32-00	All goods
2A	8443 32 10	All goods
2B	8443 32 20	All goods
2C	8443 32 30	All goods
2D	8443 32 40	All goods
2E	8443 32 50	All goods
2F	8443 32 60	All goods
3	8443 39	(a) Electrostatic photocopier apparatus, operating by reproducing the original image directly onto the copy (direct process); and

4.	8443 99 (except 8443 99 51, 8443 99 52, 8443 99 53)	(b) Photocopying apparatus, other than electrostatic, incorporating an optical system Parts and accessories of the following goods (except Ink cartridges, with print head assembly; Ink cartridges, without print head assembly; Ink spray nozzle) namely:- (a) All goods falling under tariff items 8443 31 00; 8443 32 10, 8443 32 20, 8443 32 30, 8443 32 40, 8443 32 50, 8443 32 60; (b) Electrostatic photocopier apparatus, operating by reproducing the original image directly onto the copy (direct process); and (c) Photocopying apparatus, other than electrostatic, incorporating an optical system
5	8456 90 10 or 8486 20	Machine tools for dry etching pattern on semiconductor material
6	8472 90 91	All goods
7	8470	All goods
8	8471	All goods
9	8473 21 00 or 8473 29 00	All goods
10	8473 30	All goods
11	8473 50 00	All goods
12	8486 20 00	Apparatus for the projection or drawing of circuit patterns on sensitized semiconductor materials [SNo. 13, Item description amended by 11/11.07.2014]
13	8517	
13A	8517 11 10	All goods
13B	8517 11 90	All goods
13C	8517 18 10	All goods
13D	8517 18 90	All goods
13E	8517 62 10	All goods
13F	8517 62 20	All goods
13G	8517 62 30	All goods
13H	8517 62 40	All goods
13I	8517 62 50	All goods
13J	8517 62 60	All goods
13K	8517 62 70	All goods
13L	8517 69 10	All goods
13M	8517 69 20	All goods
13N	8517 69 30	All goods
13O	8517 69 40	All goods

13P	8517 69 50	All goods
13Q	8517 69 60	All goods
13R	8517 69 70	All goods
13S	8517 70 10	All goods other than Printed Circuit Board Assembly (PCBA) of following goods, namely: - (a) Cellular mobile phones (b) Base station (c) Optical transport equipment (d) Combination of one or more of Packet Optical Transport Product or Switch (POTP or POTS) (e) Optical Transport Network (OTN) products (f) IP Radios (g) Soft switches and Voice over Internet Protocol (VoIP) equipment, namely, VoIP phones, media gateways, gateway controllers and session border controllers; (h) Carrier Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching-Transport Profile (MPLS-TP) products; (i) Multiple Input/Multiple Output (MIMO) and Long

Term Evolution (LTE) products.

Subject to the condition that the importer follows the procedure set out in the Customs (Imports of Goods at Concessional Rate of Duty) Rules 2017 and at the time of importation of the above goods furnishes an undertaking to the Deputy Commissioner of Customs or the Assistant Commissioner of the Customs, as the case may be to the effect that, -

(A) imported goods shall not be used in the manufacture of goods mentioned at (b) to (i) above;

(B) in the event of failure to comply with (A) above, he shall be liable to pay an amount equal to the difference between the duty leviable on the imported goods but for the exemption under this notification and that already paid at the time of importation.

All goods other than Printed Circuit Board Assembly (PCBA) of cellular mobile phones
[7/11.10.2018; 38/02.04.2018 - S.No. 13S amended]

14	8519 50 00	All goods
15	8523	(a) All prepared unrecorded media for sound recording or similar recording of other phenomena, other than cards incorporating a magnetic stripe (b) Recorded media for reproducing phenomena other than sound or image
16	8525 60	All goods
17	8528 42 or 8528 52 or 8528 62	All goods of a kind solely or principally used in an automatic data processing system of heading 8471
18	8529 90 90	Parts and accessories of goods of a kind solely or principally used in an automatic data processing system of heading 8471 [SNos. 17 and 18 substituted by 67/31.12.2016]
19	8531 20 00	All goods
20	8532	All goods
21	8533	All goods
22	8534 00 00	All goods
23	8541	All goods
24	8542 or 8523 52	Electronic Integrated circuits
25	8543 10 10 or 8486 20	Ion Implanters for doping semi conductor material
26	8543 70 11 or 8523 59	Proximity cards and Tags
27	8543 90 or 8548 90	Electronic Microassemblies
28	8544 70	All goods
29	9013 80 10	All goods
30	9013 90 10	All goods
31	9026	All goods
32	9027 20 00	All goods
33	9027 30	All goods
34	9027 50	All goods
35	9027 80	All goods
36	9030 40 00	All goods
37	9030 82 00	All goods

38	9031 41 00	All goods
39	All chapters	All goods except charger or adapter, battery, wired headsets and speakers of mobile handsets including cellular phones and solar tempered glass or solar tempered (anti-reflective coated) glass for the manufacture of goods covered by S.Nos. 1 to 38 above, provided that the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996.

[32/05.05.2016 - The words in strikethrough omitted;

19/01.03.2016 - S.No. 39 substituted]

40 S.No. 40 omitted by 58/30.06.2017

2. This notification shall come into force with effect from the 1st January, 2007. [Table substituted by 132/30.12.2006; S.No. 40 inserted by 11/11.07.2014; S.No. 2, 4, 13 substituted and S.No. 40 omitted by 58/30.06.2017]

Amendments in ITA Goods and their Manufacture - I

[Customs Notification No. 58 dated 30 June 2017]

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 24/2005-Customs, dated the 1st March, 2005, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 122(E), dated the 1st March, 2005, namely:- In the said notification, in the Table,-

(i) for serial number 2 and the entries relating thereto, the following serial number and entries shall be substituted, namely:-

(1)	(2)	(3)
2	8443 31 00	All goods
2A	8443 32 10	All goods
2B	8443 32 20	All goods
2C	8443 32 30	All goods
2D	8443 32 40	All goods
2E	8443 32 50	All goods
2F	8443 32 60	All goods

(ii) for serial number 4 and the entries relating thereto, the following serial number and entries shall be substituted, namely:-

*4.	8443 99 (except 8443 99 51, 8443 99 52, 8443 99 53)	Parts and accessories of the following goods (except Ink cartridges, with print head assembly; Ink cartridges, without print head assembly; Ink spray nozzle) namely :- (a) All goods falling under tariff items 8443 31 00; 8443 32 10, 8443 32 20, 8443 32 30, 8443 32 40, 8443 32 50, 8443 32 60; (b) Electrostatic photocopying apparatus, operating by reproducing the original image directly onto the copy (direct process); and (c) Photocopying apparatus, other than electro static, incorporating an optical system";
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(iii) for serial number 13 and the entries relating thereto, the following serial number and entries shall be substituted, namely:-

*13A	8517 11 10	All goods	13K	8517 62 70	All goods
13B	8517 11 90	All goods	13L	8517 69 10	All goods
13C	8517 18 10	All goods	13M	8517 69 20	All goods
13D	8517 18 90	All goods	13N	8517 69 30	All goods
13E	8517 62 10	All goods	13O	8517 69 40	All goods
13F	8517 62 20	All goods	13P	8517 69 50	All goods
13G	8517 62 30	All goods	13Q	8517 69 60	All goods
13H	8517 62 40	All goods	13R	8517 69 70	All goods
13I	8517 62 50	All goods	13S	8517 70 10	All goods";
13J	8517 62 60	All goods			

(iv) serial number 40 and the entries relating thereto shall be omitted.

2. This notification shall come into force with effect from the 1st day of July, 2017.

[F.No.354/20/2017-TRU]