

# CUSTOMS UPDATE

## Update on recent customs duty exemptions/benefit in support of the fight against the Covid-19 pandemic

As a part of the measure for fight against the recent upsurge in the Covid-19 pandemic, the Government of India has announced certain customs duty exemptions/benefits to provide some relief during the ongoing pandemic. Some of the significant exemptions are discussed below:

### A. Import of Remdesivir injection and its related raw material, oxygen cylinders and oxygen concentrators:

A.1 Vide Notification No. 27/2021 – Customs, dated 20 April 2021 and Notification No. 28/2021 – Customs, dated 24 April 2021, basic customs duty is exempted on the import of below goods:

- Injection Remdesivir;
- Remdesivir Active Pharmaceutical Ingredients
- Medical Oxygen
- Oxygen concentrator including flow meter, regulator, connectors and tubings
- Various other goods/equipment related to the production, transportation, distribution or storage of Oxygen
- Ventilators      • COVID-19 vaccine

### A.2 IGST exemption on imports by State Governments:

To augment the efforts of various State Governments in the fight against the pandemic, IGST has been exempted on the free of cost import of aforesaid goods (listed in Customs Notification Nos. 27 and 28 as aforesaid) by State Governments and entities authorized by State Governments. Towards this, Ad hoc Exemption Order No. 4/2021-Customs dated 03 May 2021 has been issued, which is subject to the following conditions:

- a) Importer category: State Government or any entity, relief agency or statutory body authorized by State Government;
- b) Covid relief material: Goods received from abroad are meant for free distribution in India;
- c) Certificate: State Government or authorized entity needs to furnish a certificate before clearance of goods, to effect that such goods meant for free distribution for Covid relief;
- d) Compliance: Importer needs to furnish a statement showing details of goods distributed free of cost duly certified by nodal authority of State Government within 6 months (further extension of 3 months is possible) of date of importation; and
- e) Validity: This exemption is valid for imports up to and inclusive of 30 June 2021.

### A.3 Gujarat Govt. announces reimbursement of IGST on import of Covid relief items:

In view of the unprecedented surge in the number of cases of Covid-19 pandemic, there is an acute shortage of medical oxygen, oxygen cylinders, oxygen concentrators, medicines etc. To overcome such grim situation, many corporates, NGOs and individuals have taken the initiative to help the Gujarat State Government by procuring Covid relief material (as listed above) from various foreign countries.

To encourage such efforts by the general public, the Gujarat State Government has issued a resolution - GR No.102021-Tax-1-GST Cell dated 01 May 2021, whereby it would incentivize IGST applicable on import of such Covid relief material - either by:

- a) Providing reimbursement / grant in aid towards IGST already paid on such imports; or
- b) Upfront payment of IGST on such imports.

However, this incentive is subject to the below conditions:

- a) Recipient of relief material: Such imported relief material must be donated to either the State Government, or hospitals run by the State Government/local authority, or any hospital/institution permitted by the State Government to receive such relief material;
- b) Bar on sale/transfer of relief material: Any hospital/institution permitted by the State Government to receive such relief material cannot sell or transfer such relief material without prior permission of the State Government; and
- c) Validity: This incentive is valid for imports up to and inclusive of 31 July 2021.

### B. Relaxations on import of oxygen concentrators for personal use:

B.1 Vide Notification No. 30/2021 – Customs, dated 01 May 2021, IGST on import of oxygen concentrators for personal use is reduced from 28% to 12% for the period up to 30 June 2021.

B.2 DGFT, vide Notification No. 04/2015-2020 dated 30 April 2021, has permitted import of oxygen concentrators as “gifts” for personal use whether by way of post, courier or through e-commerce portal. Accordingly, individuals can now import oxygen concentrators as “gifts” up to 31 July 2021.



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