

F. No. CBIC-190354/262/2021-TRU Section-CBEC
Government of India
Ministry of Finance
Department of Revenue
(Tax Research Unit)

Room No. 156, North Block
New Delhi, dated the 1st of February, 2022

To,

All Principal Chief Commissioners/ Chief Commissioners of Customs/Customs (Preventive),
All Principal Chief Commissioners/ Chief Commissioners of Customs & Central Tax,
All Principal Commissioners/ Commissioners of Customs/Customs (Preventive),
All Principal Commissioners/ Commissioners of Customs & Central Tax

Madam/ Sir,

Subject: Clarification regarding applicability of Social Welfare Surcharge on goods exempted from basic and other customs duties/cesses –reg.

References have been received seeking clarification on the issue of applicability of Social Welfare Surcharge (SWS) on goods that are exempted from basic customs duty or taxes or cesses which are levied as a duty of customs. In absence of any specific exemption on Social Welfare Surcharge, certain field formations have taken a view that Social Welfare Surcharge shall be payable on notional customs duty as determined on Tariff rate.

2. The matter has been examined. Social Welfare Surcharge (SWS) is levied and collected, as a duty of customs, *vide* Section 110 of the Finance Act, 2018 (13 of 2018) and is calculated at the rate of 10 per cent. on the aggregate of duties, taxes and cesses which are levied and collected by the Central Government as a duty of customs on goods imported into India.

3. In this regard, it may be noted that at present SWS applies at the rate of 10% of the aggregate of customs duties payable on import of goods and not on the value of imported goods. If aggregate customs duty payable is zero on account of an exemption, the SWS shall be computed as 10% of value equal to 'Nil' (as aggregate amount of customs duties payable is zero). Law does not require computation of SWS on a notional customs duty calculated at tariff rate where applicable aggregate of duties of customs is zero.

4. Thus, it is clarified that the amount of Social Welfare Surcharge payable would be 'Nil' in cases where the aggregate of customs duties (which form the base for computation of SWS) is zero even though SWS has not been exempted.

5. The contents of this circular may please be brought to the notice of trade and industry through issue of Trade/ Public notices. The field formations may also be suitably sensitized in this regard. Difficulty, if any, in the implementation of this Circular may be brought to the notice of the Board. Hindi version follows.

Yours faithfully,

(Nitish Karnatak)

Under Secretary to the Government of India