TARIFF RATE ON ALL DUTIABLE GOODS IMPORTED FOR PERSONAL USE TO BE REDUCED FROM 20% TO 10%

BASIC CUSTOMS DUTY TO BE EXEMPTED ON 17 DRUGS OR MEDICINES FOR PATIENTS, PARTICULARLY CANCER-PATIENTS

SEVEN MORE RARE DISEASES TO BE ADDED FOR THE PURPOSES OF EXEMPTING IMPORT DUTIES ON PERSONAL IMPORTS OF DRUGS AND FSMP

DUTY DEFERRAL PERIOD FOR TIER 2 & TIER 3 AUTHORISED ECONOMIC OPERATORS (AEOS) TO BE ENHANCED FROM 15 DAYS TO 30 DAYS

EXPORT CARGO USING ELECTRONIC SEALING TO BE PROVIDED THROUGH CLEARANCE FROM THE FACTORY PREMISES TO THE SHIP

प्रविष्टि तिथि: 01 FEB 2026 1:01PM by PIB Delhi

The Union Minister for Finance and Corporate Affairs, Smt. Nirmala Sitharaman, while presenting the Union Budget 2026-27 today in the Parliament, announced that the proposals for Customs and Central Excise aim to further simplify the tariff structure, support domestic manufacturing, promote export competitiveness, and correct inversion in duty.

Ease of Living

The Union Budget proposes to reduce the tariff rate on all dutiable goods imported for personal use from 20 per cent to 10 per cent to rationalize the customs duty structure. To provide relief to patients, particularly those suffering from cancer, the Budget proposes to exempt basic customs duty on 17 drugs or medicines. The Budget also proposes to add 7 more rare diseases for the purposes of exempting import duties on personal imports of drugs, medicines and Food for Special Medical Purposes (FSMP) used in their treatment.

The Union Budget further proposes to revise provisions governing baggage clearance during international travel to address genuine concerns of passengers. The revised rules will enhance duty-free allowances and provide clarity in temporary carriage of goods brought in or taken out. Furthermore, the honest taxpayers will now be able to settle their dues and close cases by paying an additional amount in lieu of penalty, the Budget added.

Customs Process

The Budget proposes many measures for custom processes to have minimal intervention for smoother and faster movement of goods and greater certainty to the trade.

Trust-based systems

The Budget proposes to enhance duty deferral period for Tier 2 and Tier 3 Authorised Economic Operators, known as AEOs, from 15 days to 30 days. The Budget further proposes to provide eligible manufacturer-importers the same duty deferral facility, thereby encouraging them to get themselves accredited as a full-fledged Tier 3- AEO in due course.

The Union Budget also proposes to extend validity period of advance ruling, binding on Customs, from the present 3 years to 5 years. Government agencies will be encouraged to leverage AEO accreditation for preferential treatment in clearing their cargo, the Budget stated. Regular importers with trusted longstanding supply chains will be recognized in the risk system, so that the need for verification of their cargo every time can be minimized. Export cargo using electronic sealing will be provided through clearance from the factory premises to the ship, the Budget stated. For import of goods not needing any compliance, filing of bill of entry by a trusted importer, and arrival of goods will automatically notify Customs for completing their clearance formalities.

Smt. Nirmala Sitharaman further announced that the Customs warehousing framework will be transformed into a warehouse operator-centric system with self-declarations, electronic tracking and risk-based audit. These reforms will move away from the current system of officer-dependent approvals, and reduce transaction delays and compliance costs, she added.

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