

Increase in custom duty on medical devices

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Government of India in line with its 'Make in India' initiative, constituted a task force to examine various issues that are causing worries for the domestic medical device sector.

Further based on the recommendations made by the said task force regarding the rationalization of custom duty structure so as to promote domestic manufacturing of medical devices, GOI has come up with the notifications 4/2016-Cus dated 19.01.2016 by amending serial number 473 and 474 of Notification No. 12/2012-Cus and Notification No. 5/2016-Cus dated 19.01.2016 by amending serial number 95 of the Notification No. 21/2012-Cus. The content of the said notifications provides for the following:

1. Increase in rate of basic custom duty on import certain specified medical devices from 5% to 7.5%
2. Withdrawal of the exemption from additional custom duty (SAD) on the said specified medical devices there by now attracting 4% SAD.
3. Basic custom duty on raw materials, parts and accessories for manufacture of medical devices falling under chapter heading 9018 to 9022 is being reduced to 2.5% along with full exemption from SAD.

These changes are expected to provide boost to the domestic medical device sector and there by results in generating more employment in support of Make in India campaign.

There will be no changes in the concessional basic custom duty provided on hospital equipment for use in hospitals run by Central / State Government or registered societies, on specified assistive devices, rehabilitation aids and other goods for disable. Concession would continue as it is.