

HSN 2022 Changes implemented on Gst Law

Applicability of change in First Schedule of Customs Tariff Act, 1975 in order to align with HS 2022 on GST Law

The changes in the First Schedule of the Customs Tariff Act, 1975 has been made effective by way of Finance Act, 2021 w.e.f. 1-1-2022, however, for ease of transition from HS 2017 to the HS 2022, an effort has been made by the Office of The Government of India, MoF, DoR, to correlate the tariffs at the eight-digit level and the same has been issued by the CBIC vide D.O.F.No.524/11/2021-STO(TU) dated December 20, 2021.

The same can be accessed at

[https://www.cbic.gov.in/resources/htdocs-](https://www.cbic.gov.in/resources/htdocs-cbec/deptt_offcr/Guidance%20Document%20on%20Correlation%20of%20Customs%20Tariff%20between%202021%20and%202022.pdf)

[cbec/deptt_offcr/Guidance%20Document%20on%20Correlation%20of%20Customs%20Tariff%20between%202021%20and%202022.pdf](https://www.cbic.gov.in/resources/htdocs-cbec/deptt_offcr/Guidance%20Document%20on%20Correlation%20of%20Customs%20Tariff%20between%202021%20and%202022.pdf).

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Now, the moot question is whether the amendment which is effective from 1-1-2022 is applicable only from the perspective of Customs or does it have a larger impact including compliance in GST?

For this purpose, let us understand whether the HS Codes under the First Schedule of the Customs Tariff Act, 1975 is applicable even while doing classification for the purpose of GST. In this regard, it is very important to refer the Tariff Notification of goods issued under section 9(1) of the CGST Act, 2017 i.e. Notification No.1/2017-Central Tax (Rate) dated 28-6-2017, wherein the rates of GST has been notified as specified from Schedule I to VI which duly mentions the Chapter / Heading / Sub-heading / Tariff item along-with the description of goods.

Here, it is important to refer para (iii) and (iv) of the Explanation of the said notification, which clearly states that for the purpose of this notification:

(iii) "Tariff item", "sub-heading" "heading" and "Chapter" shall mean respectively a tariff item, sub-heading, heading and chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

(iv) The rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.

Hence, it is appropriate to state that the application of the changes in the HS Codes is not restricted to the Customs but have impact even in the GST Law. It is significant to note that 351 set of amendments in HS Codes (like in Chapter 12, 15, 16, 17, 18, 19, 20, 21, 22, 24, 25, 28, 29, 30, 34, 36, 38, 39, 40, 41, 44, 49, 55, 57, 58, 61, 62, 68, 69, 70, 71, 74, 80, 81, 84, 85, 87, 88, 89, 90, 91, 94, 95 and 97) are new &/or differs with the earlier HS Codes as it is relatable only to one entry &/or multiple entries. Besides there are few HS Codes which

are directly co-related.

Let us take an example, say in Chapter 97 which deals with works of art, collectors' pieces and antiques there are lot many changes, for instance in 9706, currently there is only one Tariff item 9706 00 00 which covers only antiques of an age exceeding one hundred years, however, w.e.f. 1-1-2022, the said Tariff item has been split into:

9706 10 00 - Of an age exceeding 250 years

9709 90 00 - Other

Accordingly, Trade and Industries, in order to do compliance with the necessary provisions of the law w.e.f. 1-1-2022 needs to ascertain the impact areas due to change in HS Codes in their product lines, for instance in their invoicing system, e-waybill, e-invoicing, furnishing details of HSN while filing statements/returns, etc