

Bill No. 143 of 2025

THE CENTRAL EXCISE (AMENDMENT) BILL, 2025

A

BILL

further to amend the Central Excise Act, 1944.

BE it enacted by Parliament in the Seventy-sixth Year of the Republic of India
as follows:—

1. (1) This Act may be called the Central Excise (Amendment) Act, 2025.

Short title and
commencement.

(2) It shall come into force on such date as the Central Government may, by
5 notification in the Official Gazette, appoint.

2. In the Central Excise Act, 1944, in the Fourth Schedule, in Section IV, for the Table occurring under the sub-heading “Supplementary Notes”, the following Table shall be substituted, namely:—

1 of 1944.

<i>Tariff item</i>	<i>Description of goods</i>	<i>Unit</i>	<i>Rate of duty</i>	
(1)	(2)	(3)	(4)	5
2401	Unmanufactured Tobacco; Tobacco Refuse			
2401 10	- Tobacco, not stemmed or stripped:			
2401 10 10	--- Flue cured virginia tobacco	kg.	70%	
2401 10 20	--- Sun cured country (natu) tobacco	kg.	70%	
2401 10 30	--- Sun cured virginia tobacco	kg.	70%	10
2401 10 40	--- Burley tobacco	kg.	70%	
2401 10 50	--- Tobacco for manufacture of biris, not stemmed	kg.	70%	
2401 10 60	--- Tobacco for manufacture of chewing tobacco	kg.	70%	15
2401 10 70	--- Tobacco for manufacture of cigar and cheroot	kg.	70%	
2401 10 80	--- Tobacco for manufacture of hookah tobacco	kg.	70%	
2401 10 90	--- Other	kg.	70%	20
2401 20	- Tobacco, partly or wholly stemmed or stripped:			
2401 20 10	--- Flue cured virginia tobacco	kg.	70%	
2401 20 20	--- Sun cured country (natu) tobacco	kg.	70%	
2401 20 30	--- Sun cured virginia tobacco	kg.	70%	
2401 20 40	--- Burley tobacco	kg.	70%	25
2401 20 50	--- Tobacco for manufacture of biris	kg.	70%	
2401 20 60	--- Tobacco for manufacture of chewing tobacco	kg.	70%	
2401 20 70	--- Tobacco for manufacture of cigar and cheroot	kg.	70%	30
2401 20 80	--- Tobacco for manufacture of hookah tobacco	kg.	70%	
2401 20 90	--- Other	kg.	70%	
2401 30 00	- Tobacco refuse	kg.	60%	
2402	Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes			35
2402 10	- Cigars, cheroots and cigarillos, containing tobacco:			
2402 10 10	--- Cigar and cheroots	Tu	25% or Rs. 5000 per thousand whichever is higher	40

	(1)		(2)	(3)	(4)
5	2402 10 20	---	Cigarillos	Tu	25% or Rs. 5000 per thousand whichever is higher
	2402 20	-	<i>Cigarettes, containing tobacco:</i>		
	2402 20 10	---	Other than filter cigarettes, of length not exceeding 65 millimetres	Tu	Rs. 2700 per thousand
10	2402 20 20	---	Other than filter cigarettes, of length exceeding 65 millimetres but not exceeding 70 millimetres	Tu	Rs. 4500 per thousand
15	2402 20 30	---	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) not exceeding 65 millimetres	Tu	Rs. 3000 per thousand
20	2402 20 40	---	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 65 millimetres but not exceeding 70 millimetres	Tu	Rs. 5200 per thousand
25	2402 20 50	---	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 70 millimetres but not exceeding 75 millimetres	Tu	Rs. 7000 per thousand
30	2402 20 90	---	Other	Tu	Rs. 11000 per thousand
	2402 90	-	<i>Other:</i>		
35	2402 90 10	---	Cigarettes of tobacco substitutes	Tu	Rs. 5000 per thousand
40	2402 90 20	---	Cigarillos of tobacco substitutes	Tu	14% or Rs. 5000 per thousand whichever is higher
45	2402 90 90	---	Other	Tu	14% or Rs. 5000 per thousand whichever is higher

(1)	(2)	(3)	(4)	
2403	Other manufactured tobacco and manufactured tobacco substitutes; “Homogenised” or “Reconstituted” tobacco; Tobacco extracts and essences			
	-	<i>Smoking tobacco, whether or not containing tobacco substitute in any proportion;</i>		5
2403 11	--	<i>Water pipe tobacco specified in Sub-heading Note to this Chapter:</i>		
2403 11 10	---	Hookah or gudaku tobacco	kg.	40%
2403 11 90	---	Other	kg.	40% 10
2403 19	--	<i>Other:</i>		
2403 19 10	---	Smoking mixtures for pipes and cigarettes	kg.	325%
	---	<i>Biris:</i>		
2403 19 21	----	Other than paper rolled biris, manufactured without the aid of machine	Tu	10% 15
2403 19 29	----	Other	Tu	10%
2403 19 90	---	Other	kg.	22%
	-	<i>Other:</i>		20
2403 91 00	--	“Homogenised” or “reconstituted” tobacco	kg.	70%
2403 99	--	<i>Other:</i>		
2403 99 10	---	Chewing tobacco	kg.	100%
2403 99 20	---	Preparations containing chewing tobacco	kg.	100% 25
2403 99 30	---	Jarda scented tobacco	kg.	100%
2403 99 40	---	Snuff	kg.	70%
2403 99 50	---	Preparations containing snuff	kg.	70%
2403 99 60	---	Tobacco extracts and essence	kg.	70% 30
2403 99 70	---	Cut-tobacco	kg.	10%
2403 99 90	---	Other	kg.	125%
2404	Products containing tobacco, reconstituted tobacco, nicotine, or tobacco or nicotine substitutes, intended for inhalation without combustion; other nicotine containing products intended for the intake of nicotine into the human body			35
	-	<i>Products intended for inhalation without combustion</i>		

	(1)	(2)	(3)	(4)
	2404 11 00	-- Containing tobacco or reconstituted tobacco	kg.	100%
	2404 12 00	-- Other, containing nicotine	kg.	
5	2404 19 00	-- Other	kg.	100%
		- <i>Other:</i>		
	2404 91 00	-- For oral application	kg.	
	2404 92 00	-- For transdermal application	kg.	
	2404 99 00	-- Other	kg.	'.

STATEMENT OF OBJECTS AND REASONS

With the introduction of the Goods and Services Tax (GST) on 1st July, 2017, the Central Excise Act, 1944 was repealed by section 174 of the Central Goods and Services Tax Act, 2017, except in respect of goods listed under Entry 84 of List I of the Seventh Schedule to the Constitution. This includes tobacco and tobacco products. With the levy of GST and compensation cess on tobacco and tobacco products, the rates of Central Excise duties were reduced significantly to allow for the levy of compensation cess without large impact on their tax incidence.

2. Compensation cess levied on tobacco and tobacco products, wherever applicable, will be discontinued once interest payment obligations and loan liabilities under the compensation cess account are completely discharged. In order to give the Government, the fiscal space to increase the rate of central excise duty on tobacco and tobacco products so as to protect tax incidence, it is imperative to amend the table in Section IV of the Fourth Schedule to the said Act.

3. Accordingly, it is proposed to introduce the Central Excise (Amendment) Bill, 2025 in Parliament to substitute the table containing the tariff rates of tobacco and tobacco products in Section IV of the Fourth Schedule to the Central Excise Act, 1944.

4. The Bill seeks to achieve the above objectives.

NEW DELHI;

NIRMALA SITHARAMAN.

The 28th November, 2025.

FINANCIAL MEMORANDUM

The Bill, if enacted, will not involve any expenditure, either recurring or non-recurring in nature, from the Consolidated Fund of India.

ANNEXURE

EXTRACT FROM THE CENTRAL EXCISE ACT, 1944

* * * *

CHAPTER IV

TRANSPORT BY SEA

THE FOURTH SCHEDULE

[Refer section 2(d) and 2(f)(ii)]

* * * *

SECTION IV

TOBACCO AND MANUFACTURED TOBACCO SUBSTITUTES;
PRODUCTS, WHETHER OR NOT CONTAINING NICOTINE, INTENDED
FOR INHALATION WITHOUT COMBUSTION, OTHER NICOTINE
CONTAINING PRODUCTS INTENDED FOR THE INTAKE OF NICOTINE
INTO THE HUMAN BODY

* * * *

SUPPLEMENTARY NOTES

* * * *

<i>'Tariff item</i>	<i>Description of goods</i>	<i>Unit</i>	<i>Rate of duty</i>
(1)	(2)	(3)	(4)
2401	Unmanufactured Tobacco; Tobacco Refuse		
2401 10	- <i>Tobacco, not stemmed or stripped:</i>		
2401 10 10	--- Flue cured virginia tobacco	kg.	64%
2401 10 20	--- Sun cured country (natu) tobacco	kg.	64%
2401 10 30	--- Sun cured virginia tobacco	kg.	64%
2401 10 40	--- Burley tobacco	kg.	64%
2401 10 50	--- Tobacco for manufacture of biris, not stemmed	kg.	64%
2401 10 60	--- Tobacco for manufacture of chewing tobacco	kg.	64%
2401 10 70	--- Tobacco for manufacture of cigar and cheroot	kg.	64%
2401 10 80	--- Tobacco for manufacture of hookah tobacco	kg.	64%
2401 10 90	--- Other	kg.	64%
2401 20	- <i>Tobacco, partly or wholly stemmed or stripped:</i>		
2401 20 10	--- Flue cured virginia tobacco	kg.	64%
2401 20 20	--- Sun cured country (natu) tobacco	kg.	64%
2401 20 30	--- Sun cured virginia tobacco	kg.	64%
2401 20 40	--- Burley tobacco	kg.	64%

(1)		(2)	(3)	(4)
2401 20 50	---	Tobacco for manufacture of biris	kg.	64%
2401 20 60	---	Tobacco for manufacture of chewing tobacco	kg.	64%
2401 20 70	---	Tobacco for manufacture of cigar and cheroot	kg.	64%
2401 20 80	---	Tobacco for manufacture of hookah tobacco	kg.	64%
2401 20 90	---	Other	kg.	64%
2401 30 00	-	Tobacco refuse	kg.	50%
2402		Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes		
2402 10	-	<i>Cigars, cheroots and cigarillos, containing tobacco:</i>		
2402 10 10	---	Cigar and cheroots	Tu	12.5% or Rs. 4006 per thousand, whichever is higher
2402 10 20	---	Cigarillos	Tu	12.5% or Rs. 4006 per thousand, whichever is higher
2402 20	-	<i>Cigarettes, containing tobacco:</i>		
2402 20 10	---	Other than filter cigarettes, of length not exceeding 65 millimetres	Tu	Rs 200 per thousand
2402 20 20	---	Other than filter cigarettes, of length exceeding 65 millimetres but not exceeding 70 millimetres	Tu	Rs 250 per thousand
2402 20 30	---	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) not exceeding 65 millimetres	Tu	Rs 440 per thousand
2402 20 40	---	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 65 millimetres but not exceeding 70 millimetres	Tu	Rs 440 per thousand
2402 20 50	---	Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimetres or its actual length, whichever is more) exceeding 70 millimetres but not exceeding 75 millimetres	Tu	Rs 545 per thousand

(1)		(2)	(3)	(4)
2402 20 90	---	Other	Tu	Rs. 735 per thousand
2402 90	-	Other:		
2402 90 10	---	Cigarettes of tobacco substitutes	Tu	Rs. 600 per thousand
2402 90 20	---	Cigarillos of tobacco substitutes	Tu	12.5% or Rs. 4006 per thousand, whichever is higher
2402 90 90	---	Other	Tu	12.5% or Rs. 4006 per thousand, whichever is higher
2403		Other manufactured tobacco and manufactured tobacco substitutes; “Homogenised” or “Reconstituted” tobacco; Tobacco extracts and essences		
	-	<i>Smoking tobacco, whether or not containing tobacco substitute in any proportion;</i>		
2403 11	--	<i>Water pipe tobacco specified in Sub-heading Note to this Chapter:</i>		
2403 11 10	---	Hookah or gudaku tobacco	kg.	25%
2403 11 90	---	Other	kg.	60%
2403 19	--	<i>Other:</i>		
2403 19 10	---	Smoking mixtures for pipes and cigarettes	kg.	60%
	---	Biris:		
2403 19 21	---	Other than paper rolled biris, manufactured without the aid of machine	Tu	Rs. 1.00 per thousand
2403 19 29	---	Other	Tu	Rs.2.00 per thousand
2403 19 90	---	Other	kg.	25%
2403 91 00	--	“Homogenised” or “reconstituted” tobacco	kg.	25%
2403 99	--	<i>Other:</i>		
2403 99 10	---	Chewing tobacco	kg.	25%
2403 99 20	---	Preparations containing chewing tobacco	kg.	25%
2403 99 30	---	Jarda scented tobacco	kg.	100%

(1)		(2)	(3)	(4)
2403 99 40	---	Snuff	kg.	25%
2403 99 50	---	Preparations containing snuff	kg.	25%
2403 99 60	---	Tobacco extracts and essence	kg.	25%
2403 99 70	---	Cut-tobacco	kg.	Rs. 70 per kg.
2403 99 90	---	Other	kg.	25%
2404		Products containing tobacco, reconstituted tobacco, nicotine, or tobacco or nicotine substitutes, intended for inhalation without combustion; other nicotine containing products intended for the intake of nicotine into the human body		
	-	<i>Products intended for inhalation without combustion</i>		
2404 11 00	--	Containing tobacco or reconstituted tobacco	kg.	81%
2404 12 00	--	Other, containing nicotine	kg.	
2404 19 00	--	Other	kg.	81%
	-	<i>Other:</i>		
2404 91 00	--	For oral application	kg.	
2404 92 00	--	For transdermal application	kg.	
2404 99 00	--	Other	kg.	'.

LOK SABHA

A

BILL

further to amend the Central Excise Act, 1944.

(Smt. Nirmala Sitharaman, Minister of Finance and Corporate Affairs)