

Bill Summary

The Central Excise (Amendment) Bill, 2025

- The Central Excise (Amendment) Bill, 2025 was introduced in Lok Sabha on December 1, 2025. The Bill seeks to amend the Central Excise Act, 1944. The Act provides for the levy and collection of central excise duties on goods manufactured or produced in India. Central excise duties on many items were repealed with the introduction of the Goods and Services Tax (GST) in 2017, except for certain items such as tobacco and tobacco products. Along with GST, GST compensation cess was also introduced on products such as tobacco to compensate states for revenue loss due to the introduction of GST. Thus, tobacco and tobacco products are currently subject to GST, compensation cess, and central excise duty. The compensation cess is planned to be discontinued. The Bill aims to revise the rate of central excise duty on tobacco and tobacco products to keep taxes on these products at the existing level.
- **Increase in duties for tobacco and related products:** The Bill increases central excise duty on unmanufactured tobacco, manufactured tobacco, tobacco products, and tobacco substitutes. For example, the Bill raises the duty on unmanufactured tobacco (such as sun-cured tobacco leaves) from 64% to 70%. While the Act levies an excise duty ranging between Rs 200 and Rs 735 per thousand cigarettes, the enhanced duty under the Bill ranges between Rs 2,700 and Rs 11,000 per thousand cigarettes.

The Bill also prescribes higher excise duties for manufactured tobacco products. For instance, the duty on chewing tobacco will increase from 25% to 100%. Duty on hookah or gudaku tobacco will increase from 25% to 40%. For smoking mixtures for pipes and cigarettes, the duty is proposed to be increased from 60% to 325%.

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