



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

The Central Excise (Amendment) Act, 2025

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News Context: This Act, effective **February 1, 2026**, represents the most significant overhaul of tobacco taxation since the GST rollout in 2017.

The Fiscal Transition: From Cess to Excise

- **End of the GST Compensation Cess:** The 2017 Cess was designed to last 5 years to help states; it was extended to repay COVID-19 loans. As those debts are settled by 2026, the Cess is being withdrawn.
- **The "Specific Duty" Model:** To prevent tobacco from becoming cheaper (and thus more accessible), the government is reintroducing high **Specific Excise Duties** based on the length of the cigarette (measured in

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Category	Length	Excise Duty per 1,000 Sticks
Short Unfiltered	< 65 mm	₹ 2,050
Short Filtered	< 65 mm	~₹ 2,100
Medium Filtered	65–70 mm	₹ 3,600 – ₹ 4,000
Premium/King Size	> 75 mm	Up to ₹ 8,500

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Public Health & Federalism Implications

- **Health Security-cum-National Security Act, 2025:** A companion Act that introduces a new cess on **Pan Masala** to fund healthcare for tobacco-related illnesses.
- **Federal Share:** Unlike the old Cess (which stayed with the Centre), **Excise Duty is shareable with States** under the Finance Commission pool, improving State revenues.

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