

RJA

RAJPUT JAIN & ASSOCIATES

Chartered Accountants

UNION  
BUDGET



2016

Rajput Jain & Associates is a Chartered Accountants firm, with its headquarter situated at New Delhi (the capital of India). The firm has been set up by a group of young, enthusiastic, highly skilled and motivated professionals who have taken experience from top consulting firms and are extensively experienced in their chosen fields has providing a wide array of Accounting, Auditing, Taxation, Assurance and Business advisory services to various clients and their stakeholders.

Focus at providing tailor made solutions to challenging problems of our clients, and perform with high quality and timely service. Rajput Jain & Associates, a professional firm, offers its clients a full range of services, to serve better and to bring bucket of services under one roof, the firm has merged with it various Chartered Accountancy firms pioneer in diversified fields Our main office is located at Delhi. Incidentally, Delhi is the Capital of India. Our other offices are in Mankapur & Moradabad (U.P.). We have associates all over India in big cities. All our offices are well equipped with latest technological support with updated reference materials.

We have a large team of professionals other than our Core Team members to meet the requirements of our prospective clients including the existing ones. However, considering our commitment towards high quality services to our clients, our team keeps on growing with more and more associates having strong professional background with good exposure in the related areas of responsibility. Further to meet the growing demands of the fiercely competitive market we are constantly looking forward for team of associates comprising of highly skilled professionals to cater the needs ever increasing clientele.

- ❖ *Highlights of Economy*
- ❖ *Transformative Agenda with nine distinct pillars*
  - ✚ *Agriculture and farmers welfare*
  - ✚ *Rural sector*
  - ✚ *Social sector and health care*
  - ✚ *Education, skill development and job creation*
  - ✚ *Infrastructure and investment*
  - ✚ *Financial sector reforms*
  - ✚ *Governance and ease of doing business in India*
  - ✚ *Fiscal discipline*
  - ✚ *Tax reforms*

- ❖ *Relief to small tax payers*
- ❖ *Measures to boost growth*
- ❖ *Make in India*
- ❖ *Towards pensioned society*
- ❖ *Encouraging affordable housing*
- ❖ *Rationalization of taxations*
- ❖ *Reforms in FDI policies*
- ❖ *Allocation of important scheme*
- ❖ *Proposed amendments in Direct taxation*
- ❖ *Proposed amendments in Indirect taxation*
  - ✚ *Service tax*
  - ✚ *Central excise*
  - ✚ *Customs*

**B U D G E T**

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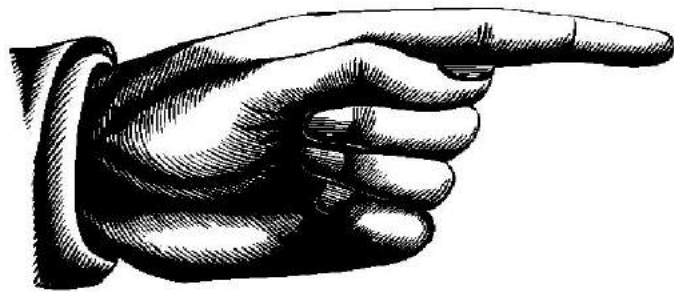
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**BUDGET  
HIGHLIGHTS**



**RAJPUT JAIN & ASSOCIATES**  
*Chartered Accountants*

## HIGHLIGHTS OF ECONOMY

- ✚ Growth of Economy accelerated to 7.6% in 2015-16.
- ✚ India hailed as a 'bright spot' amidst the slowing global economy by IMF.
- ✚ Robust growth achieved despite very unfavourable global conditions and two consecutive years shortfall in monsoon by 13%.
- ✚ Foreign exchange reserves touched highest ever level of about 350 billion US dollars.
- ✚ Despite increased devolution to States by 55% as a result of the 14th Finance Commission award, plan expenditure increased at RE stage in 2015-16 – in contrast to earlier years.

## ➤ **Focus on Weaker Sections through;**

- + Pradhan Mantri Fasal Bima Yojana**
- + New health insurance scheme to protect against Hospitalization Expenditure**
- + Facility of cooking gas connection to improve the health of women and those BPL families who suffer adversely from the ill-effects of Chulha cooking.**
- + Continue with the ongoing reform programme and ensure passage of the Goods and Service Tax bill and Insolvency and Bankruptcy law.**

## ➤ **Implementing Important Reforms by:**

- ✚ Enactment of a law to ensure that all Government benefits are conferred upon persons who deserve it, by giving a statutory backing to the AADHAR platform;**
- ✚ Freeing up the transport sector from Constraints and Restrictions;**
- ✚ Incentivizing gas discovery and exploration by providing calibrated marketing freedom;**
- ✚ Enactment of a comprehensive law to deal with resolution of financial firms;**
- ✚ Providing legal framework for dispute resolution in PPP projects and public utility contracts;**
- ✚ Undertaking important banking sector reforms and public listing of general insurance companies & undertaking significant changes in FDI policy.**








**AGRICULTURE**

**&**

**FARMER'S**

**WELFARE**

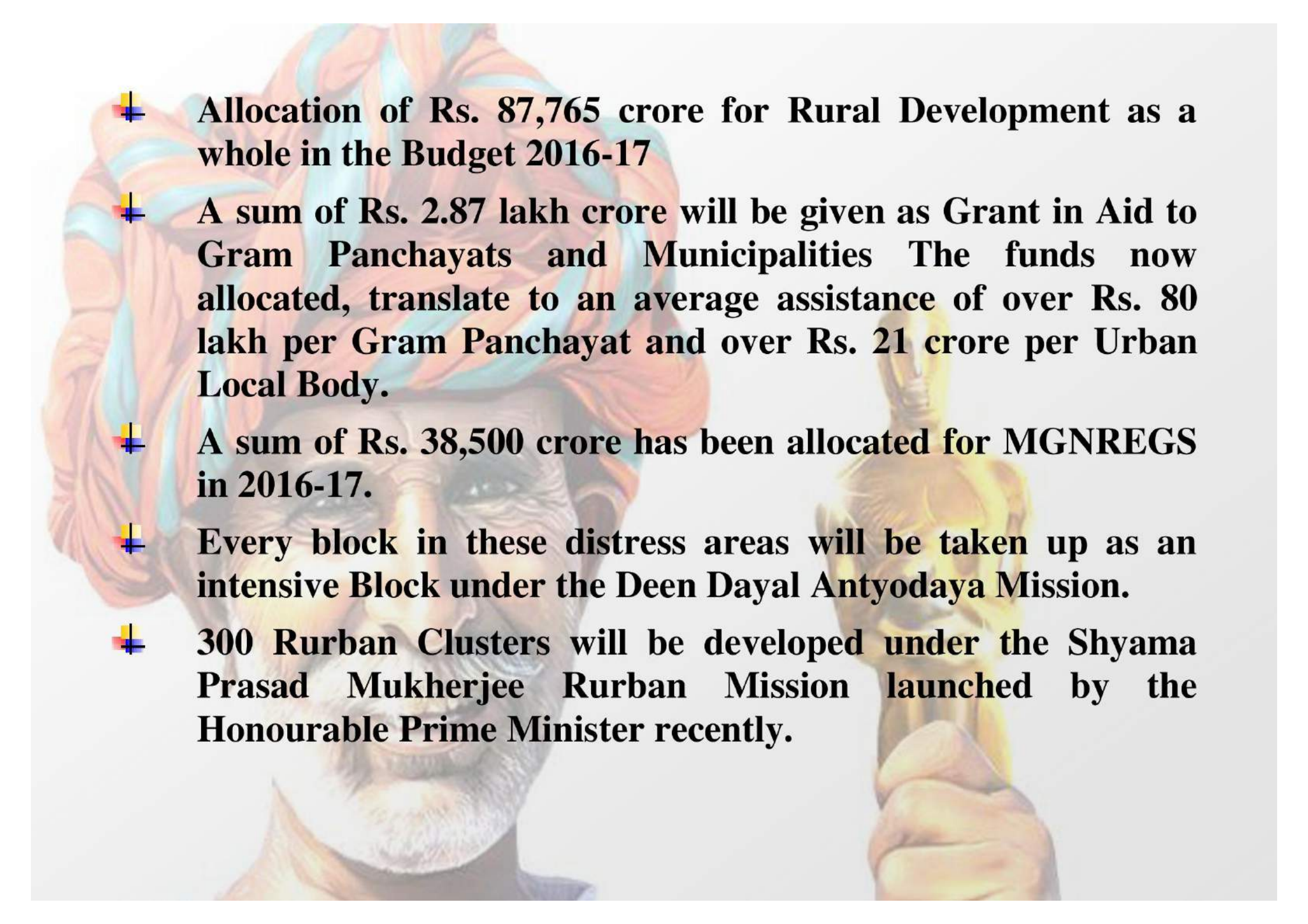
- + Total allocation for Agriculture and Farmers' welfare will be Rs. 35,984 crore to address issues of optimal utilisation of water resources; create new infrastructure for irrigation; conserve soil fertility with balanced use of fertilizer; and provide value addition and connectivity from farm to markets.**
- + 'Pradhan Mantri Krishi Sinchai Yojana' will be implemented in mission mode & 28.5 lakh hectares will be brought under irrigation under this Scheme.**
- + 89 Irrigation projects will be implemented under AIBP, which will help to irrigate 80.6 lakh hectares of land. 23 of these projects are expected to be completed before 31st March, 2017.**
- + A dedicated Long Term Irrigation Fund will be created in NABARD with an initial corpus of about Rs. 20,000 crore.**
- + A Major programme for sustainable management of ground water resources with an expected cost of Rs. 6000 crore will be implemented through proposed multilateral funding.**


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- ✚ **Target of 5 lakh farm ponds and dug wells in rain fed areas and 10 lakh compost pits for production of organic manure will be taken up under MGNREGA.**
  - ✚ **Soil Health Card Scheme will be implemented. It will cover all 14 crore farm holdings by March 2017. A policy for conversion of city waste into compost has also been approved by the Government under the Swachh Bharat Abhiyan. 2,000 model retail outlets of Fertilizer companies will be provided with soil and seed testing facilities during the next three years.**
  - ✚ **A Total provision of Rs. 412 crore has been made for ‘Parmparagat Krishi Vikas Yojana’ & value chain based organic farming scheme called “Organic Value Chain Development in North East Region”.**
  - ✚ **Incentives for enhancement of pulses production. Rs. 500 crores under National Food Security Mission have been assigned to pulses.**

- ✚ The Unified Agricultural Marketing E Platform to provide a common e-platform to wholesale market**
- ✚ Rs. 27,000 crore will be allocated for Pradhan Mantri Gram Sadak Yojana (PMGSY). Target of connecting remaining 65,000 eligible habitations will be accomplished by 2019.**
- ✚ Target for agricultural credit in 2016-17 will be an all-time high of Rs. 9 lakh crore. To reduce the burden of loan repayment on farmers, a provision of Rs. 15,000 crore has been made in the BE 2016-17 towards interest subvention.**
- ✚ Allocation of Rs. 5,500 for Prime Minister Fasal Bima Yojana**
- ✚ Four new Dairying projects will be implemented at a cost of Rs. 850 crore- 'Pashudhan Sanjivani'; Advanced breeding technology; 'E-Pashudhan Haat' ;and National Genomic Centre for indigenous breeds.**



**RURAL  
SECTOR**

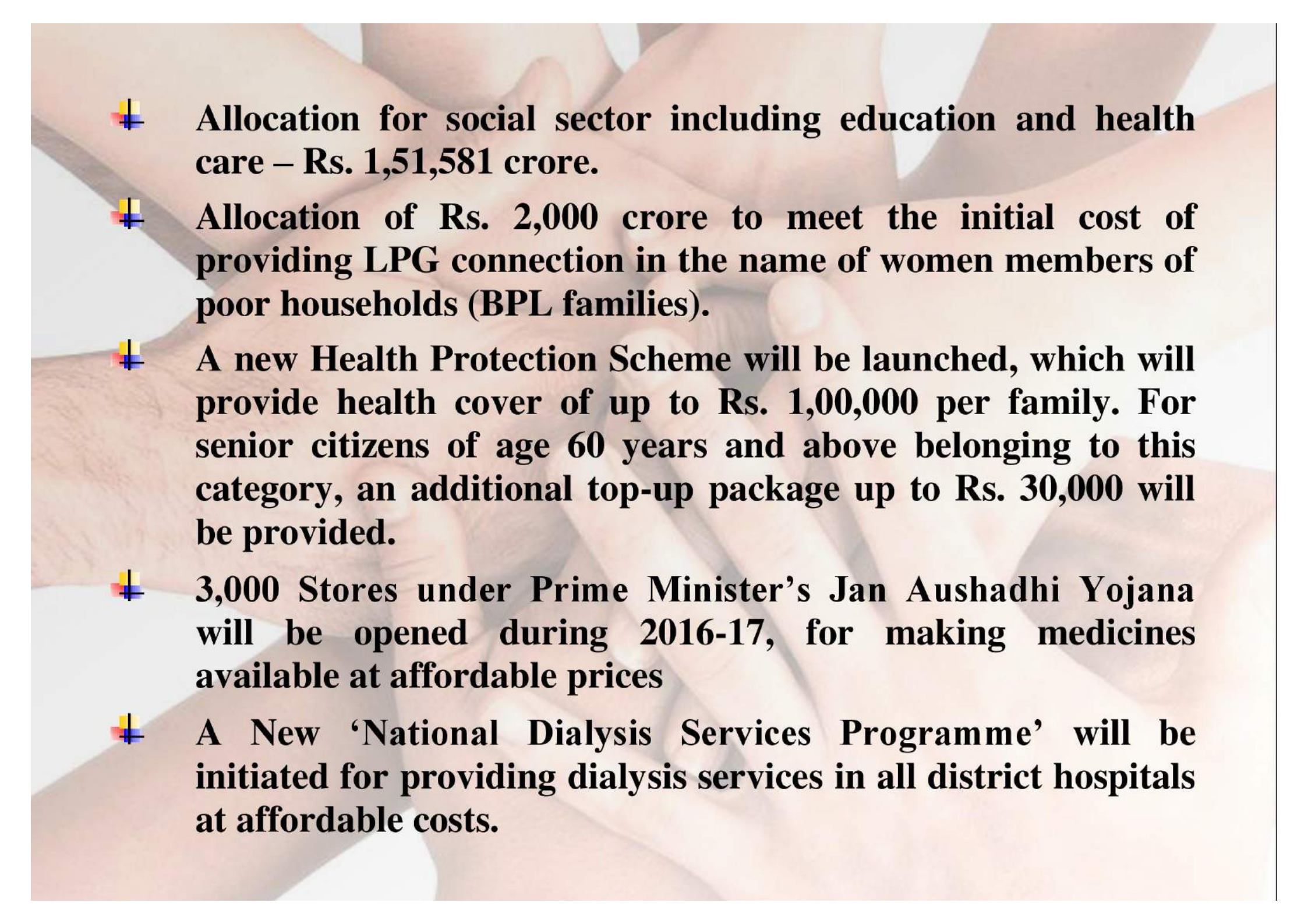
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- # Allocation of Rs. 87,765 crore for Rural Development as a whole in the Budget 2016-17**
  - # A sum of Rs. 2.87 lakh crore will be given as Grant in Aid to Gram Panchayats and Municipalities. The funds now allocated, translate to an average assistance of over Rs. 80 lakh per Gram Panchayat and over Rs. 21 crore per Urban Local Body.**
  - # A sum of Rs. 38,500 crore has been allocated for MGNREGS in 2016-17.**
  - # Every block in these distress areas will be taken up as an intensive Block under the Deen Dayal Antyodaya Mission.**
  - # 300 Rurban Clusters will be developed under the Shyama Prasad Mukherjee Rurban Mission launched by the Honourable Prime Minister recently.**

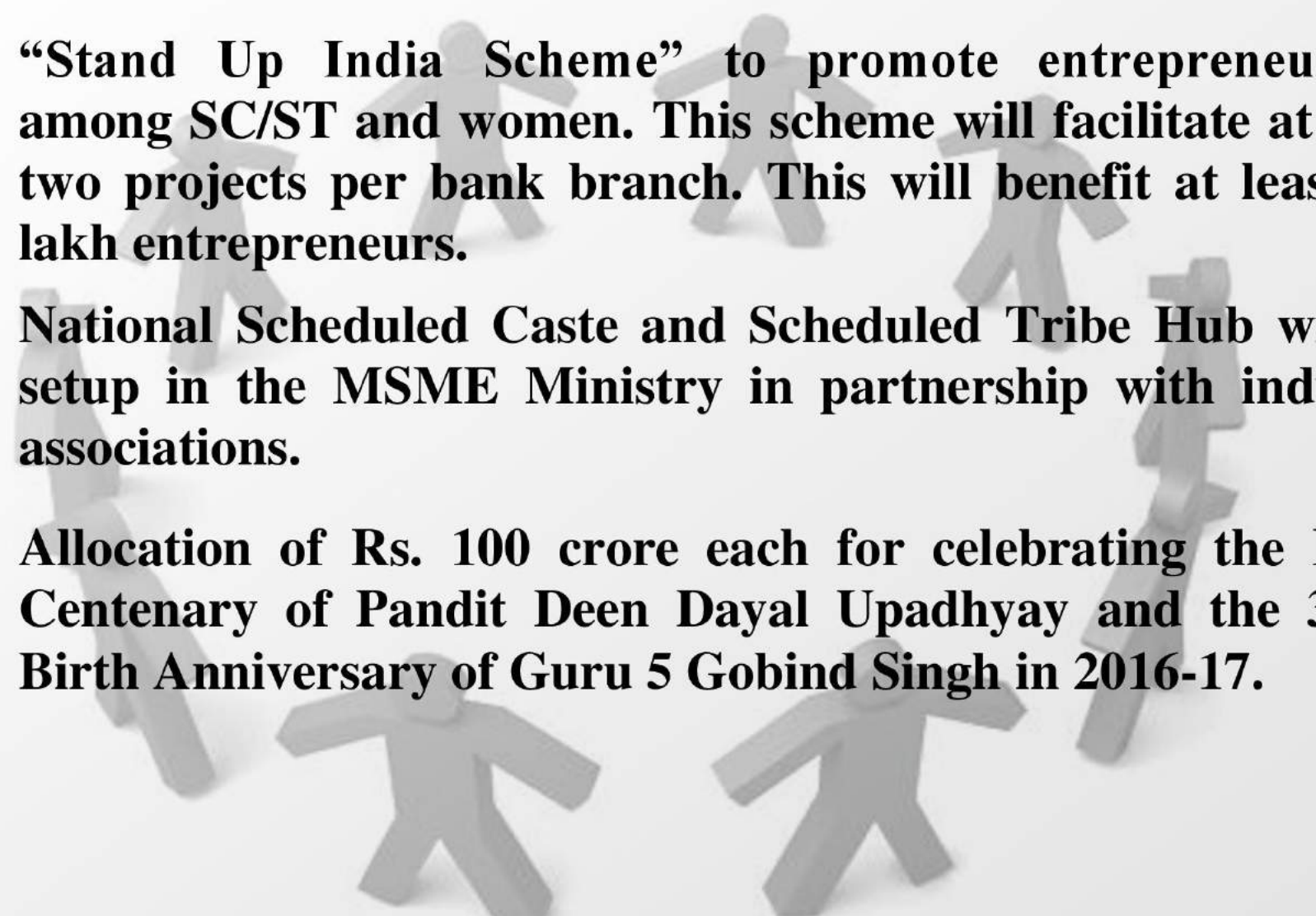
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- ✚ **Estimated 100% village electrification by 1<sup>st</sup> May, 2018.**
  - ✚ **Priority allocation from Centrally Sponsored Schemes will be made to reward villages that have become free from open defecation.**
  - ✚ **New Digital Literacy Mission Scheme for rural India to cover around 6 crore additional households within the next 3 years.**
  - ✚ **National Land Record Modernisation Programme has been revamped under the Digital India Initiative and will be implemented as a Central sector scheme with effect from 1<sup>st</sup> April, 2016**
  - ✚ **Allocation of Rs. 655 crore for a new restructured scheme for panchayat raj Institutions, namely, Rashtriya Gram Swaraj Abhiyan, to develop governance capabilities.**



**SOCIAL SECTOR &  
HEALTH CARE**



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- ✚ Allocation for social sector including education and health care – Rs. 1,51,581 crore.**
  - ✚ Allocation of Rs. 2,000 crore to meet the initial cost of providing LPG connection in the name of women members of poor households (BPL families).**
  - ✚ A new Health Protection Scheme will be launched, which will provide health cover of up to Rs. 1,00,000 per family. For senior citizens of age 60 years and above belonging to this category, an additional top-up package up to Rs. 30,000 will be provided.**
  - ✚ 3,000 Stores under Prime Minister's Jan Aushadhi Yojana will be opened during 2016-17, for making medicines available at affordable prices**
  - ✚ A New 'National Dialysis Services Programme' will be initiated for providing dialysis services in all district hospitals at affordable costs.**

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- + “Stand Up India Scheme” to promote entrepreneurship among SC/ST and women. This scheme will facilitate at least two projects per bank branch. This will benefit at least 2.5 lakh entrepreneurs.**
  - + National Scheduled Caste and Scheduled Tribe Hub will be setup in the MSME Ministry in partnership with industry associations.**
  - + Allocation of Rs. 100 crore each for celebrating the Birth Centenary of Pandit Deen Dayal Upadhyay and the 350th Birth Anniversary of Guru 5 Gobind Singh in 2016-17.**



**EDUCATION**

**SKILL DEVELOPMENT**

**JOB CREATION**

# EDUCATION

- + 62 New Navodaya Vidyalayas will be opened in the remaining uncovered districts over the next two years.**
- + Regulatory Architecture will be provided to ten public and ten private institutions to emerge as world-class Teaching and research Institutions.**
- + An increasing share of allocation under Sarva Shiksha Abhiyan, which will focus on the quality of education.**
- + Higher Education Financing Agency (HEFA) will be set up with an initial capital base of Rs. 1,000 crores.**
- + Digital Depository for School Leaving Certificates, College Degrees, Academic Awards and Mark sheets, on the pattern of a Securities Depository will be established.**

# SKILL DEVELOPMENT

## SKILL DEVELOPMENT

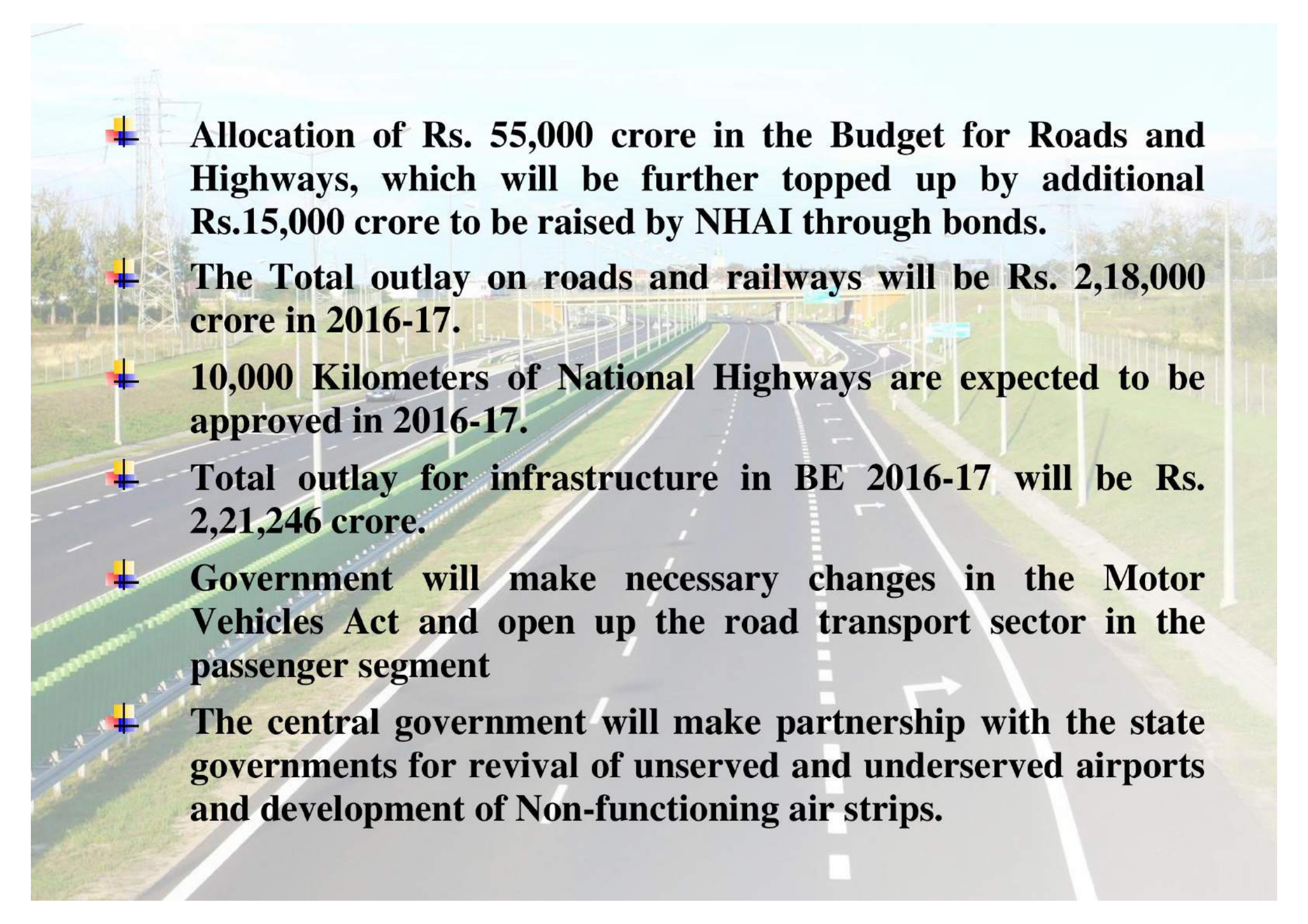
- ✚ **1500 Multi Skill Training Institutes to be set up across the country under Pradhan Mantri Kaushal Vikas Yojana (PMKVY).**
  - ✚ **Entrepreneurship Education and Training will be provided in 2200 colleges, 300 schools, 500 Government ITIs and 50 Vocational Training Centres through Massive Open Online Courses.**
  - ✚ **National Board for Skill Development Certification to be setup in partnership with the industry and academia**
- 
- A 3D illustration of a classroom. In the foreground, several blue, rounded human figures are seated at white desks, each with a laptop. They appear to be students or participants in a training session. In the background, a red, rounded human figure stands and points with a stick at a whiteboard, acting as an instructor. The scene is set against a light, neutral background.

# JOB CREATION

- ✚ **Government of India will pay the Employee Pension Scheme contribution of 8.33% for all new employees enrolling in EPFO for the first three years of their employment. Budget provision of Rs. 1,000 crore for this scheme has been made.**
- ✚ **Deduction under section 80 JJAA of income tax act will be available to all assesses who are subjected to statutory audit under the act.**
- ✚ **100 Model Career Centres are proposed to be operational by the end of 2016-17.**
- ✚ **Model Shops and Establishments Bill will be circulated, which can be adopted by the States on voluntary basis.**



**INFRASTRUCTURE &  
INVESTMENT**



**Allocation of Rs. 55,000 crore in the Budget for Roads and Highways, which will be further topped up by additional Rs.15,000 crore to be raised by NHAI through bonds.**

**The Total outlay on roads and railways will be Rs. 2,18,000 crore in 2016-17.**

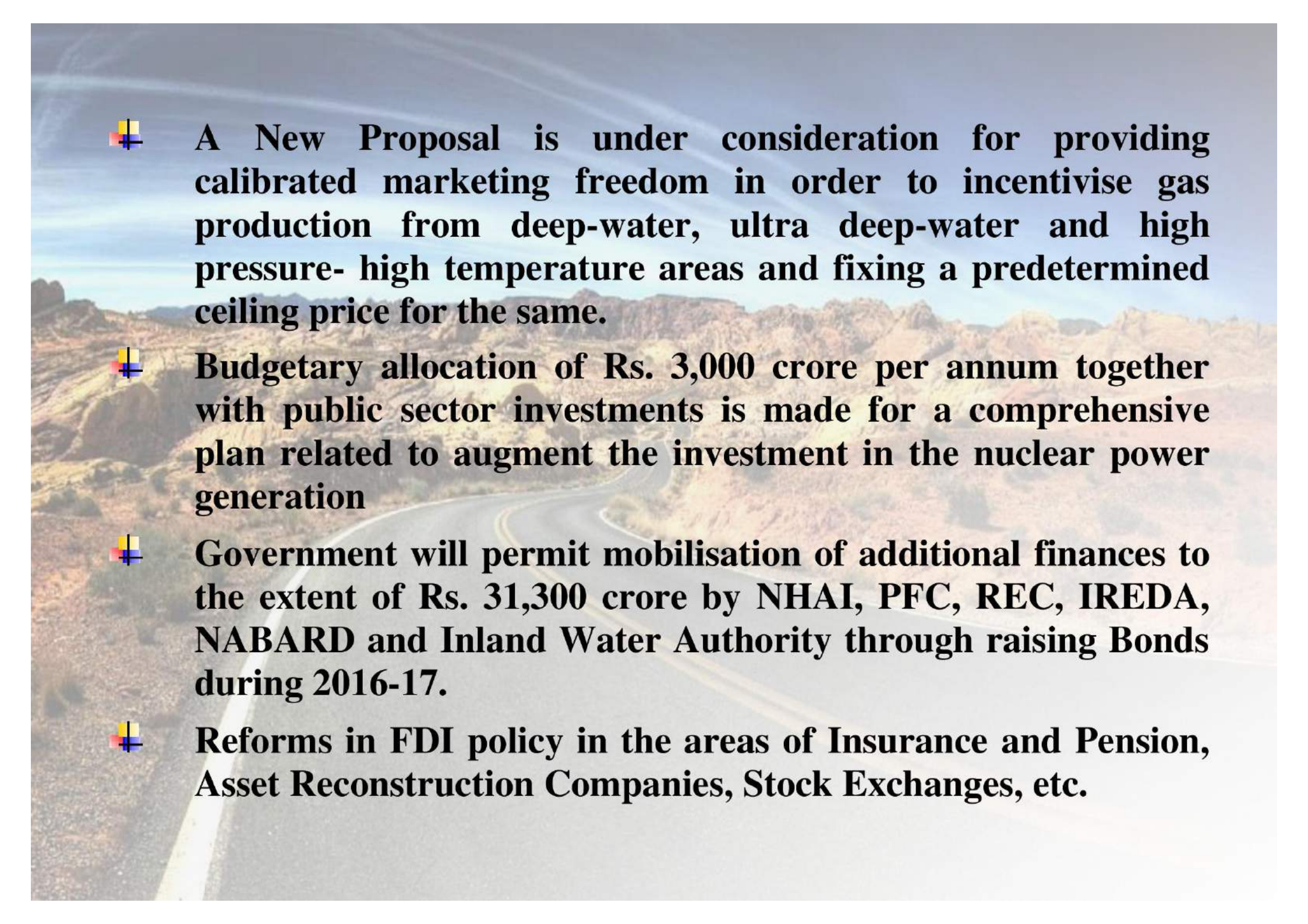
**10,000 Kilometers of National Highways are expected to be approved in 2016-17.**

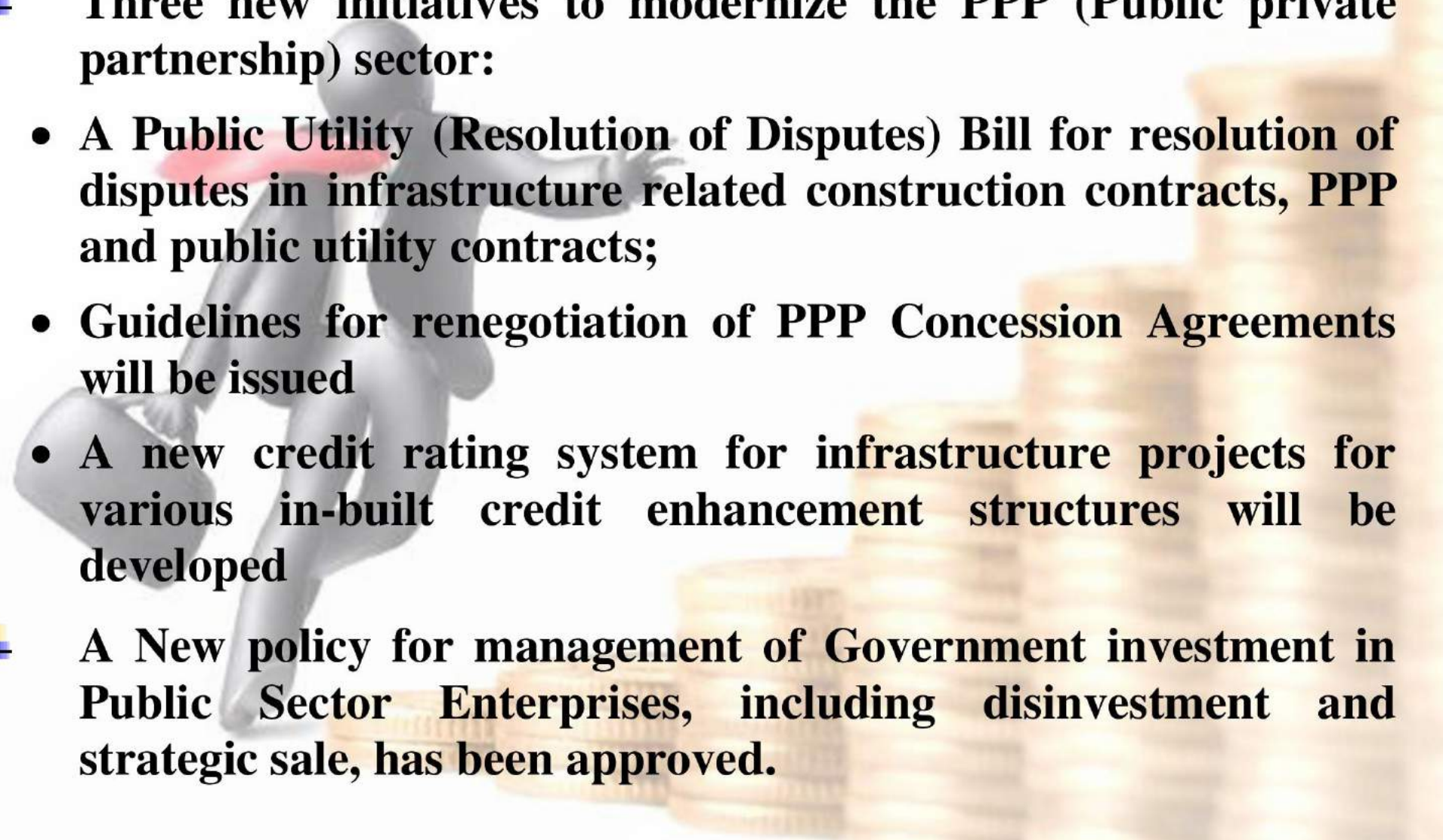
**Total outlay for infrastructure in BE 2016-17 will be Rs. 2,21,246 crore.**

**Government will make necessary changes in the Motor Vehicles Act and open up the road transport sector in the passenger segment**

**The central government will make partnership with the state governments for revival of unserved and underserved airports and development of Non-functioning air strips.**

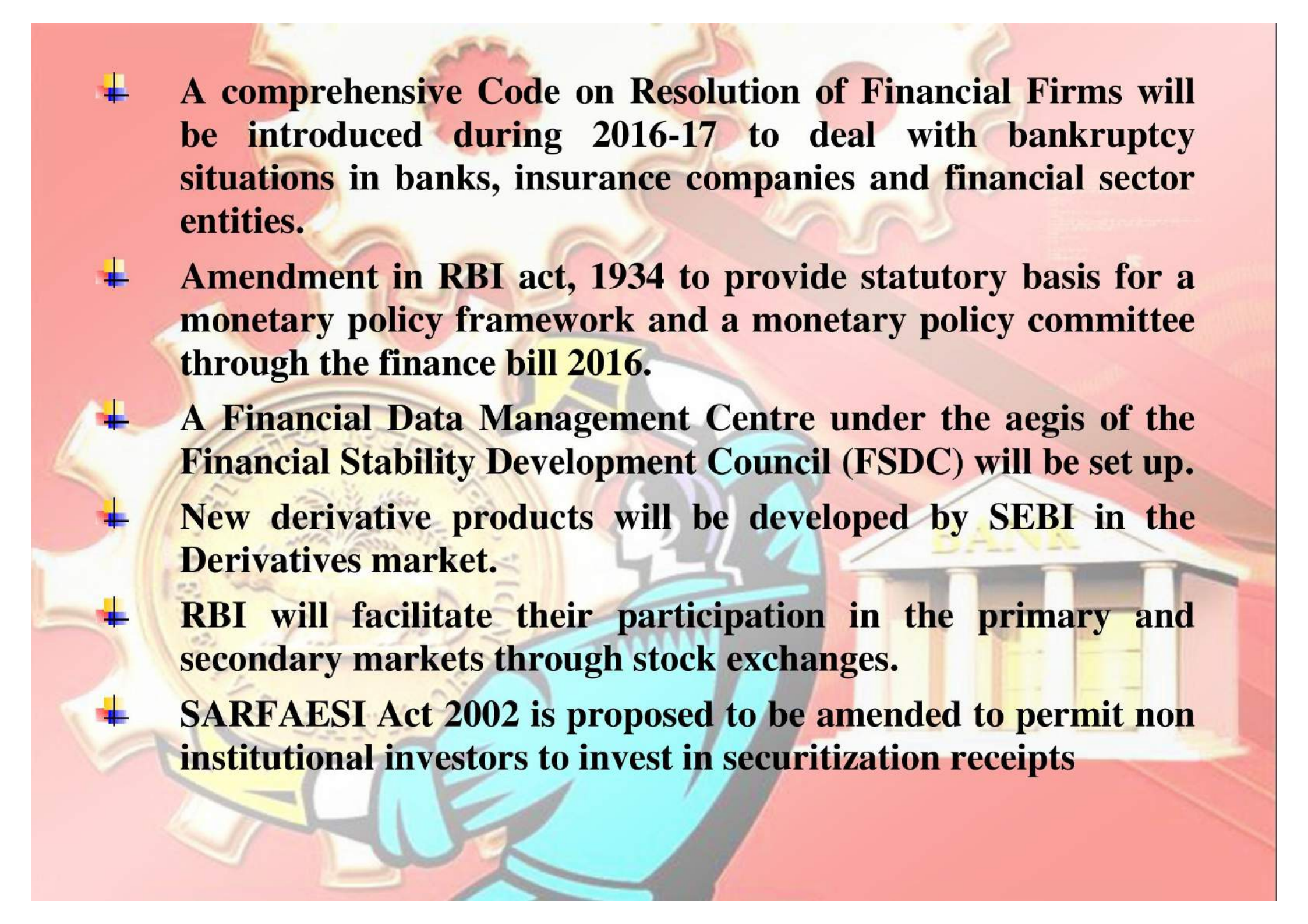


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- ✚ A New Proposal is under consideration for providing calibrated marketing freedom in order to incentivise gas production from deep-water, ultra deep-water and high pressure- high temperature areas and fixing a predetermined ceiling price for the same.**
  - ✚ Budgetary allocation of Rs. 3,000 crore per annum together with public sector investments is made for a comprehensive plan related to augment the investment in the nuclear power generation**
  - ✚ Government will permit mobilisation of additional finances to the extent of Rs. 31,300 crore by NHAI, PFC, REC, IREDA, NABARD and Inland Water Authority through raising Bonds during 2016-17.**
  - ✚ Reforms in FDI policy in the areas of Insurance and Pension, Asset Reconstruction Companies, Stock Exchanges, etc.**

- 
- ✚ **Three new initiatives to modernize the PPP (Public private partnership) sector:**
    - **A Public Utility (Resolution of Disputes) Bill for resolution of disputes in infrastructure related construction contracts, PPP and public utility contracts;**
    - **Guidelines for renegotiation of PPP Concession Agreements will be issued**
    - **A new credit rating system for infrastructure projects for various in-built credit enhancement structures will be developed**
  - ✚ **A New policy for management of Government investment in Public Sector Enterprises, including disinvestment and strategic sale, has been approved.**



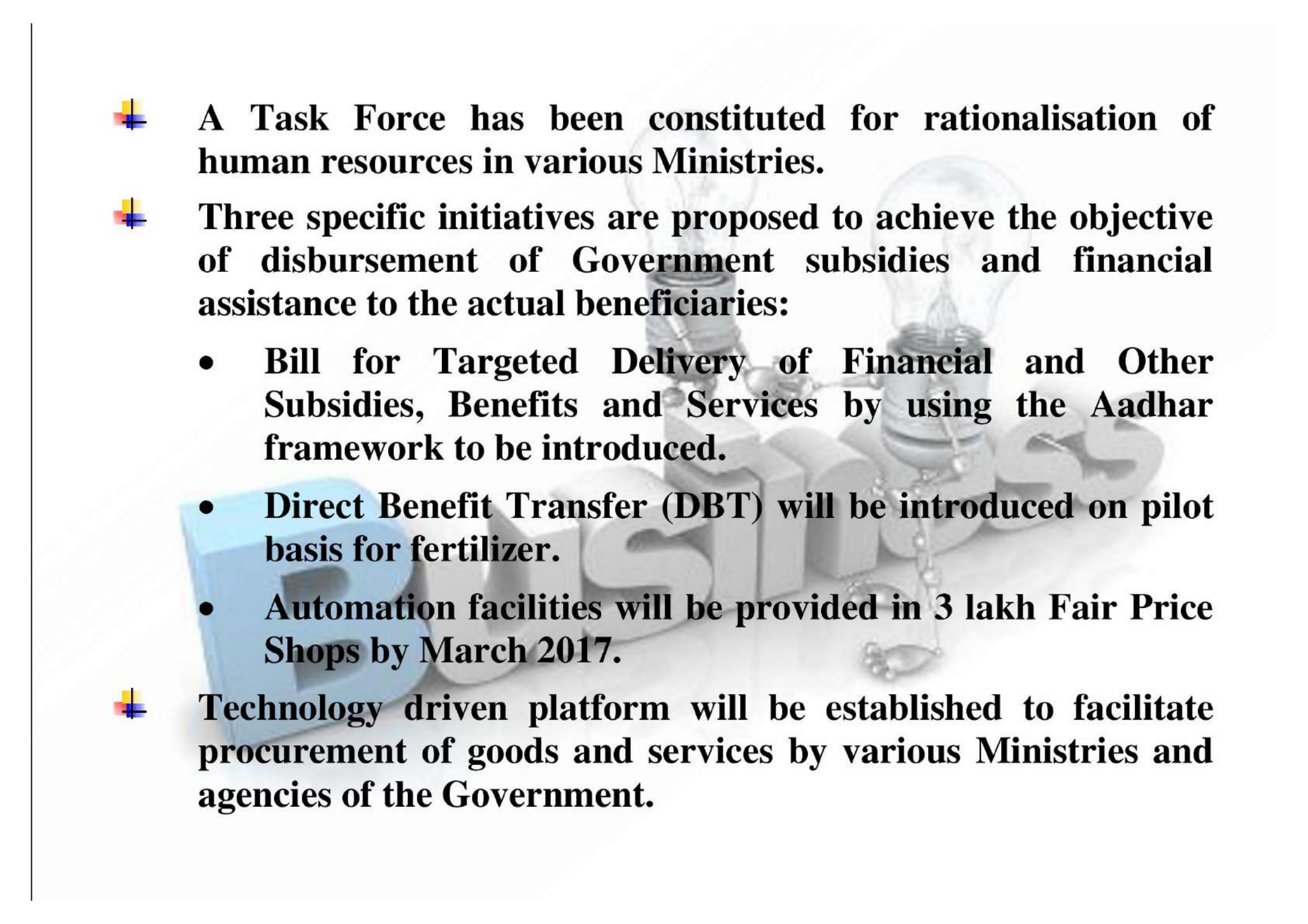
**Financial  
Sector  
*Reforms***

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- ✚ **A comprehensive Code on Resolution of Financial Firms will be introduced during 2016-17 to deal with bankruptcy situations in banks, insurance companies and financial sector entities.**
  - ✚ **Amendment in RBI act, 1934 to provide statutory basis for a monetary policy framework and a monetary policy committee through the finance bill 2016.**
  - ✚ **A Financial Data Management Centre under the aegis of the Financial Stability Development Council (FSDC) will be set up.**
  - ✚ **New derivative products will be developed by SEBI in the Derivatives market.**
  - ✚ **RBI will facilitate their participation in the primary and secondary markets through stock exchanges.**
  - ✚ **SARFAESI Act 2002 is proposed to be amended to permit non institutional investors to invest in securitization receipts**

- ✚ Comprehensive Central Legislation will come into force to deal with the menace of such schemes.**
- ✚ SEBI Act, 2002 is proposed to be amended for increasing members and benches in the Securities Appellate Tribunal.**
- ✚ Allocation of Rs. 25,000 crore towards recapitalization of Public Sector Banks.**
- ✚ Debt Recovery Tribunals will be strengthened for improving the existing infrastructure, including computerized processing of court cases, reduction in hearings and faster disposal of cases.**
- ✚ Amount sanctioned under Pradhan Mantri Mudra Yojana (PMMY) to be further increased to Rs. 1,80,000 crore.**
- ✚ General insurance companies owned by the Government will be listed in the stock exchanges.**

A hand holding the Indian flag with butterflies flying around it. The hand is rendered in a textured, brush-stroke style, with the thumb and index finger forming a cup that holds the flag. The flag's saffron, white, and green horizontal stripes, along with the Ashoka Chakra, are clearly visible. Several colorful butterflies, including monarchs and blues, are scattered throughout the scene, some appearing to fly out of the hand. The background is a light blue gradient.

*Governance &  
Ease of Doing  
Business in India*

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- ✚ **A Task Force has been constituted for rationalisation of human resources in various Ministries.**
  - ✚ **Three specific initiatives are proposed to achieve the objective of disbursement of Government subsidies and financial assistance to the actual beneficiaries:**
    - **Bill for Targeted Delivery of Financial and Other Subsidies, Benefits and Services by using the Aadhar framework to be introduced.**
    - **Direct Benefit Transfer (DBT) will be introduced on pilot basis for fertilizer.**
    - **Automation facilities will be provided in 3 lakh Fair Price Shops by March 2017.**
  - ✚ **Technology driven platform will be established to facilitate procurement of goods and services by various Ministries and agencies of the Government.**

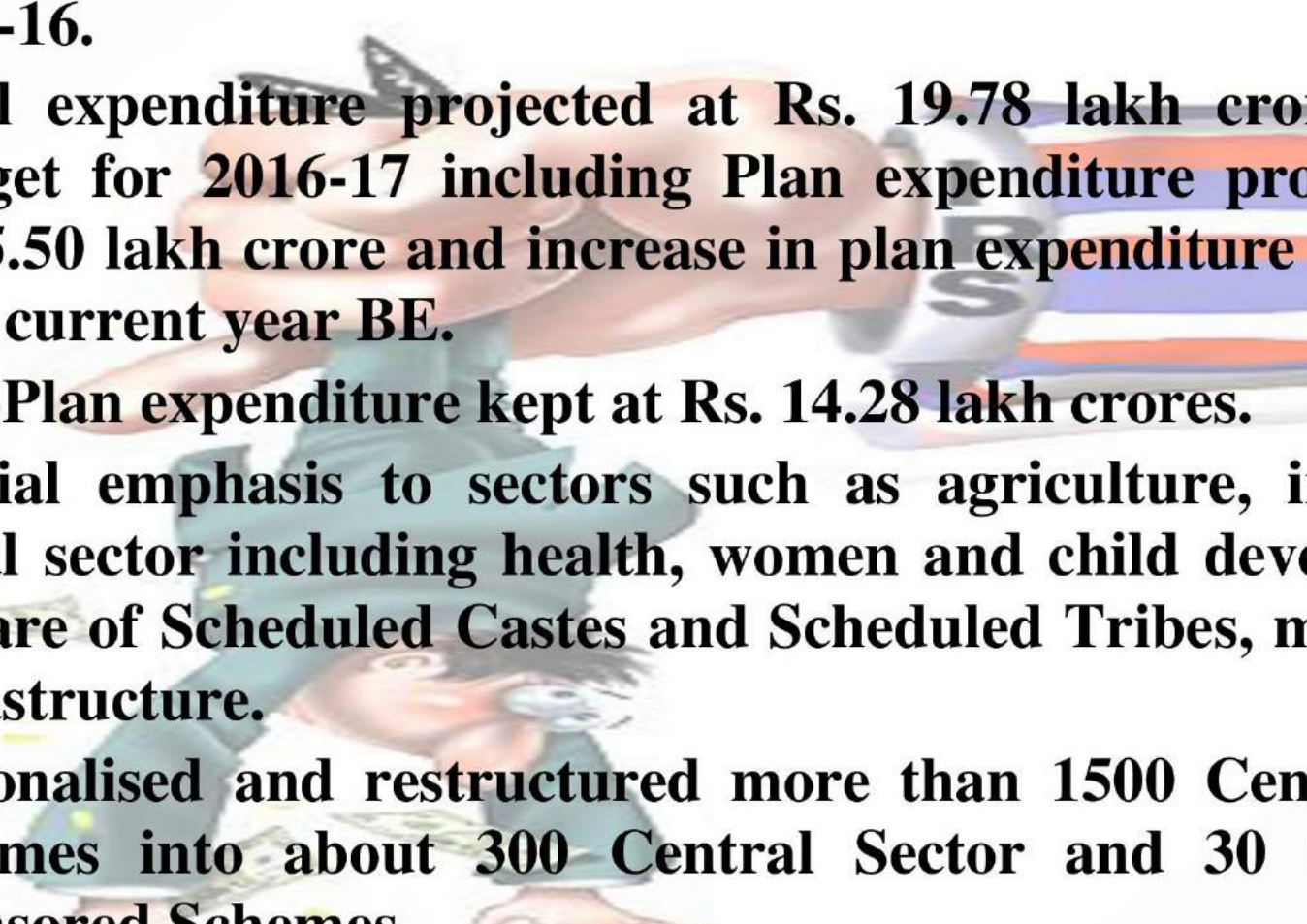
- Amendments in Companies Act, 2013 to improve enabling environment for start-ups. By doing so, registration of a company can be done in one day.**
- Price Stabilisation Fund with a corpus of Rs. 900 crore to support market interventions has been allocated.**
- “Ek Bharat Shreshtha Bharat” programme will be launched to link States and Districts in an annual programme that connects people through exchanges in areas of language, trade, culture, travel and tourism.**





**Fiscal  
Discipline**



- 
- + Fiscal deficit in RE 2015-16 and BE 2016-17 retained at 3.9% and 3.5% of GDP respectively.**
  - + Improved Revenue Deficit target from 2.8% to 2.5% in RE 2015-16.**
  - + Total expenditure projected at Rs. 19.78 lakh crore in the Budget for 2016-17 including Plan expenditure projected at Rs. 5.50 lakh crore and increase in plan expenditure of 15.3% over current year BE.**
  - + Non-Plan expenditure kept at Rs. 14.28 lakh crores.**
  - + Special emphasis to sectors such as agriculture, irrigation, social sector including health, women and child development, welfare of Scheduled Castes and Scheduled Tribes, minorities, infrastructure.**
  - + Rationalised and restructured more than 1500 Central Plan Schemes into about 300 Central Sector and 30 Centrally Sponsored Schemes.**
  - + Mobilisation of additional finances to the extent of Rs. 31,300 crore by NHAI, PFC, REC, IREDA, NABARD and Inland Water Authority by raising**





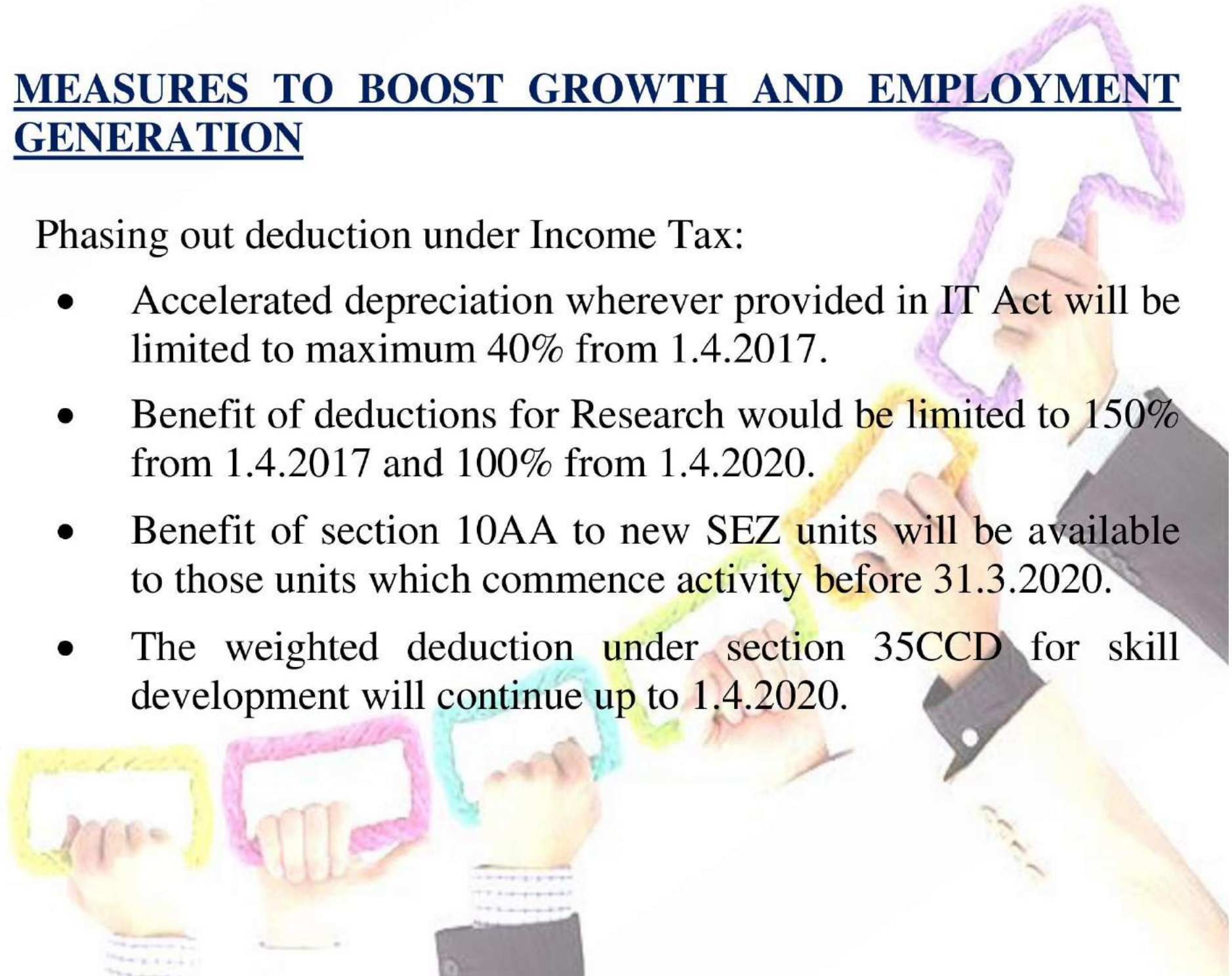
## RELIEF TO SMALL TAX PAYERS

- ❖ Raise the ceiling of tax rebate under section 87A from Rs. 2000 to Rs. 5000 to lessen tax burden on individuals with income upto Rs. 5 lakhs.
- ❖ Limit of deduction under section 80 GG in respect of rent paid has been increased from Rs. 24,000 to Rs. 60,000 per annum, which should provide relief to those who live in rented houses.
- ❖ Turnover limit under section 44 AD has been increased to two crore rupees
- ❖ Extend the presumptive taxation scheme with profit deemed to be 50%, to professionals with gross receipts up to Rs. 50 lakh.



## MEASURES TO BOOST GROWTH AND EMPLOYMENT GENERATION

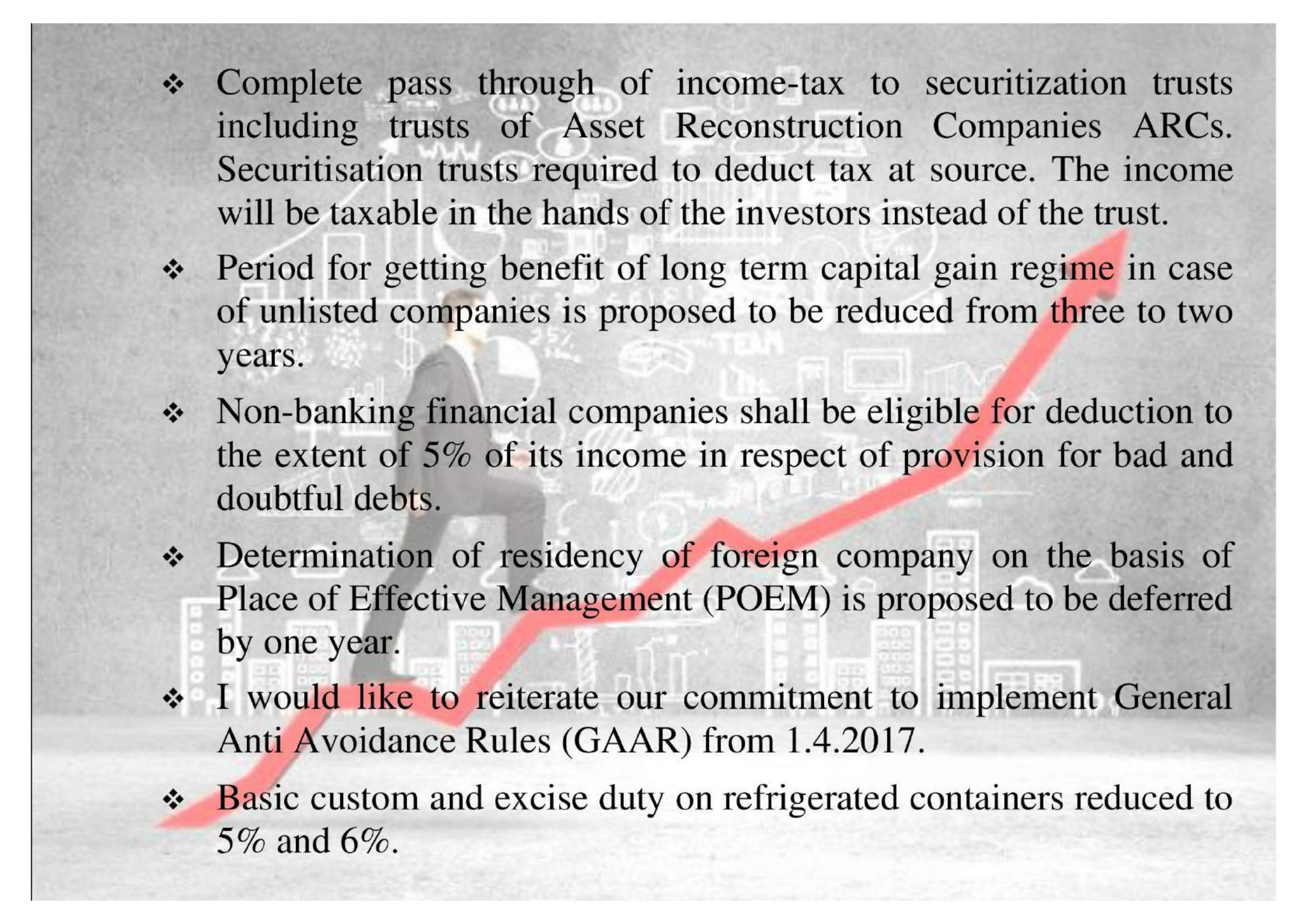
- ❖ Phasing out deduction under Income Tax:
  - Accelerated depreciation wherever provided in IT Act will be limited to maximum 40% from 1.4.2017.
  - Benefit of deductions for Research would be limited to 150% from 1.4.2017 and 100% from 1.4.2020.
  - Benefit of section 10AA to new SEZ units will be available to those units which commence activity before 31.3.2020.
  - The weighted deduction under section 35CCD for skill development will continue up to 1.4.2020.



A background image showing several hands of different skin tones holding a thick, braided rope. The rope is held in a way that suggests teamwork or support. The image is slightly faded and serves as a decorative background for the text.

❖ Changes in Corporate Income Tax Rates:

- New manufacturing companies which are incorporated on or after 1.3.2016 to be given an option to be taxed at 25% + surcharge and cess provided they do not claim profit linked or investment linked deductions and do not avail of investment allowance and accelerated depreciation.
  - Income tax rate for companies with turnover not exceeding Rs. 5 crore (in the financial year ending March 2015), to 29% plus surcharge and cess.
- ❖ 100% deduction of profits for 3 out of 5 years for startups setup during April 2016 to March 2019. MAT will apply in such cases. Capital gain will not be taxed if invested by individuals in notified startups, in which they hold majority shares.
- ❖ 10% rate of tax on income from worldwide exploitation of patents developed and registered in India.

- 
- ❖ Complete pass through of income-tax to securitization trusts including trusts of Asset Reconstruction Companies ARCs. Securitisation trusts required to deduct tax at source. The income will be taxable in the hands of the investors instead of the trust.
  - ❖ Period for getting benefit of long term capital gain regime in case of unlisted companies is proposed to be reduced from three to two years.
  - ❖ Non-banking financial companies shall be eligible for deduction to the extent of 5% of its income in respect of provision for bad and doubtful debts.
  - ❖ Determination of residency of foreign company on the basis of Place of Effective Management (POEM) is proposed to be deferred by one year.
  - ❖ I would like to reiterate our commitment to implement General Anti Avoidance Rules (GAAR) from 1.4.2017.
  - ❖ Basic custom and excise duty on refrigerated containers reduced to 5% and 6%.

- ❖ Exemption of service tax on services provided under Deen Dayal Upadhyay Grameen Kaushalya Yojana and services provided by Assessing Bodies empanelled by Ministry of Skill Development & Entrepreneurship.
- ❖ Exemption of Service tax on general insurance services provided under 'Niramaya' Health Insurance Scheme launched by National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disability.



## **MAKE IN INDIA**

Suitable changes in customs and excise duty rates on certain inputs, raw materials, intermediaries and components and certain other goods and simplify procedures, so as to reduce costs and improve competitiveness of domestic industry in sectors like Information technology hardware, capital goods, defence production, textiles, mineral fuels & mineral oils, chemicals & petrochemicals, paper, paperboard & newsprint, Maintenance repair and overhauling [MRO] of aircrafts and ship repair etc.

MAKE IN INDIA





## MOVING TOWARDS A PENSIONED SOCIETY

- ❖ Withdrawal up to 40% of the corpus at the time of retirement will be tax exempt from tax in case of National Pension Scheme.
- ❖ In case of superannuation funds and recognized provident funds, including EPF, the same norm of 40% of corpus to be tax free will apply in respect of corpus created out of contributions made on or from 1.4.2016. The annuity fund which goes to the legal heir after the death of pensioner will not be taxable in all three cases.
- ❖ Monetary limit for contribution of employer in recognized Provident and Superannuation Fund of Rs. 1.5 lakh per annum for taking tax benefit.
- ❖ Service tax reduced on Single premium Annuity (Insurance) Policies from 3.5% to 1.4% of the premium paid in certain cases.
- ❖ Annuity services provided by the National Pension System (NPS) and Services provided by EPFO to employees are now exempt from service tax.



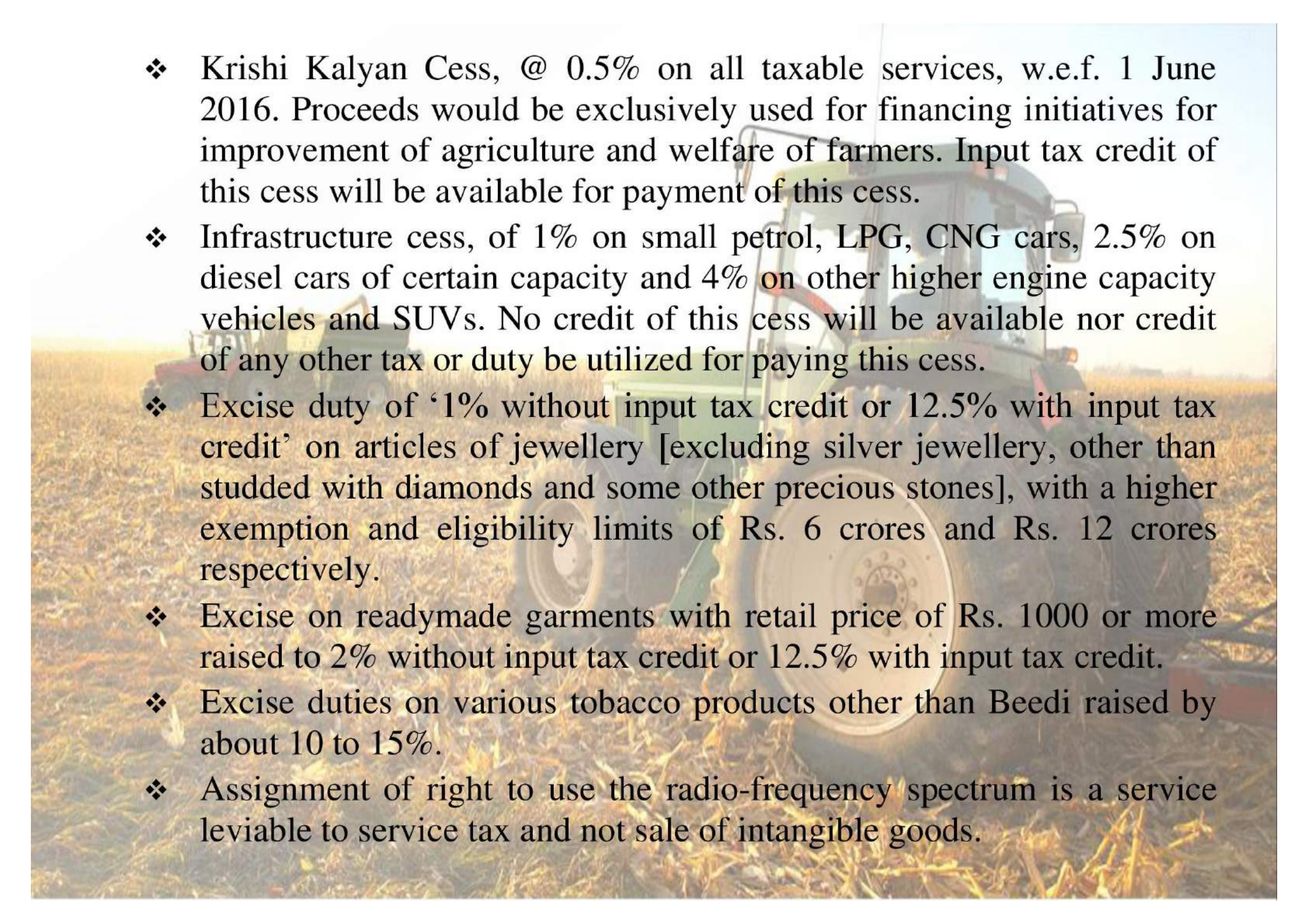
## **ENCOURAGING AFFORDABLE HOUSING**

- ❖ 100% deduction for profits to an undertaking from a housing project for flats upto 30 sq. metres in four metro cities and 60 sq. metres in other cities, approved during June 2016 to March 2019, and completed within three years of the approval. However, Minimum Alternate Tax will apply.
- ❖ Additional deduction of Rs. 50,000 per annum for loans taken upto Rs. 35 lakh sanctioned during the next financial year for first time house buyers, provided that the value of house does not exceed Rs. 50 lakhs.
- ❖ Distribution made out of income of SPV to the REITs and INVITs having specified shareholding will not be subjected to Dividend Distribution Tax, in respect of dividend distributed after the specified date.
- ❖ Service tax exempt on construction of affordable houses up to 60 sq. metres under any scheme of the Central or State Government including PPP Schemes.
- ❖ Extend excise duty exemption, presently available to Concrete Mix manufactured at site for use in construction work to Ready Mix Concrete.



## RESOURCE MOBILIZATION FOR AGRICULTURE, RURAL ECONOMY AND CLEAN ENVIRONMENT

- ❖ Additional tax at the rate of 10% of gross amount of dividend will be payable by the recipients receiving dividend in excess of Rs. 10 lakh per annum.
- ❖ Surcharge to be raised from 12% to 15% on persons, other than companies, firms and cooperative societies having income above Rs. 1 crore.
- ❖ Tax to be deducted at source at the rate of 1 % on purchase of luxury cars exceeding value of Rs. Ten lakh and purchase of goods and services in cash exceeding Rs. Two lakh.
- ❖ Securities Transaction tax in case of 'Options' is proposed to be increased from .017% to .05%.
- ❖ Equalization levy of 6% of gross amount for payment made to non-residents exceeding Rs. 1 lakh a year in case of B2B transactions.
- ❖ 'Clean Energy Cess' levied on coal, lignite and peat renamed to 'Clean Environment Cess' and rate increased from Rs. 200 per tonne to Rs. 400 per tonne.

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- A green tractor is shown in a field of golden-brown crops, likely corn, during sunset. The tractor is positioned in the center-right of the frame, facing left. The background is a soft, hazy sky with the sun low on the horizon, creating a warm, golden light. The tractor's large rear wheel and smaller front wheel are visible. The overall scene is a rural agricultural setting.
- ❖ Krishi Kalyan Cess, @ 0.5% on all taxable services, w.e.f. 1 June 2016. Proceeds would be exclusively used for financing initiatives for improvement of agriculture and welfare of farmers. Input tax credit of this cess will be available for payment of this cess.
  - ❖ Infrastructure cess, of 1% on small petrol, LPG, CNG cars, 2.5% on diesel cars of certain capacity and 4% on other higher engine capacity vehicles and SUVs. No credit of this cess will be available nor credit of any other tax or duty be utilized for paying this cess.
  - ❖ Excise duty of '1% without input tax credit or 12.5% with input tax credit' on articles of jewellery [excluding silver jewellery, other than studded with diamonds and some other precious stones], with a higher exemption and eligibility limits of Rs. 6 crores and Rs. 12 crores respectively.
  - ❖ Excise on readymade garments with retail price of Rs. 1000 or more raised to 2% without input tax credit or 12.5% with input tax credit.
  - ❖ Excise duties on various tobacco products other than Beedi raised by about 10 to 15%.
  - ❖ Assignment of right to use the radio-frequency spectrum is a service leviable to service tax and not sale of intangible goods.



## **PROVIDING CERTAINTY IN TAXATION**

- ❖ Committed to providing a stable and predictable taxation regime and reduce black money.
- ❖ Domestic taxpayers can declare undisclosed income or such income represented in the form of any asset by paying tax at 30%, and surcharge at 7.5% and penalty at 7.5%, which is a total of 45% of the undisclosed income. Declarants will have immunity from prosecution.
- ❖ Surcharge levied at 7.5% of undisclosed income will be called Krishi Kalyan surcharge to be used for agriculture and rural economy.
- ❖ New Dispute Resolution Scheme to be introduced. No penalty in respect of cases with disputed tax up to Rs. 10 lakh. Cases with disputed tax exceeding Rs. 10 lakh to be subjected to 25% of the minimum of the imposable penalty. Any pending appeal against a penalty order can also be settled by paying 25% of the minimum of the imposable penalty and tax interest on quantum addition.
- ❖ High Level Committee chaired by Revenue Secretary to oversee fresh cases where assessing officer applies the retrospective amendment.

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- ❖ One-time scheme of Dispute Resolution for ongoing cases under retrospective amendment.
  - ❖ Penalty rates to be 50% of tax in case of underreporting of income and 200% of tax where there is misreporting of facts.
  - ❖ Disallowance will be limited to 1% of the average monthly value of investments yielding exempt income, but not exceeding the actual expenditure claimed under rule 8D of Section 14A of Income Tax Act.
  - ❖ Time limit of one year for disposing petitions of the tax payers seeking waiver of interest and penalty.
  - ❖ Mandatory for the assessing officer to grant stay of demand once the Assessee pays 15% of the disputed demand, while the appeal is pending before Commissioner of Income-tax (Appeals).
  - ❖ Monetary limit for deciding an appeal by a single member Bench of ITAT enhanced from Rs. 15 lakhs to Rs. 50 lakhs.
  - ❖ 11 new benches of Customs, Excise and Service Tax Appellate Tribunal (CESTAT).
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## SIMPLIFICATION AND RATIONALIZATION OF TAXATION

- ❖ 13 cesses, levied by various Ministries in which revenue collection is less than Rs. 50 crore in a year.
- ❖ For non-residents providing alternative documents to PAN card, higher TDS not to apply.
- ❖ Revision of return extended to Central Excise assesses.
- ❖ Additional options to banking companies and financial institutions, including NBFCs, for reversal of input tax credits with respect to non-taxable services.
- ❖ Customs Act to provide for deferred payment of customs duties for importers and exporters with proven track record.
- ❖ Customs Single Window Project to be implemented at major ports and airports starting from beginning of next financial year.
- ❖ Increase in free baggage allowance for international passengers. Filing of baggage only for those carrying dutiable goods.





## **USE OF TECHNOLOGY FOR ACCOUNTABILITY**

- ❖ Expansion in the scope of e-assessments to all assesseees in 7 mega cities in the coming years.
- ❖ Interest at the rate of 9% p.a against normal rate of 6% p.a for delay in giving effect to Appellate order beyond ninety days.
- ❖ ‘e-Sahyog’ to be expanded to reduce compliance cost, especially for small taxpayers.

## **PROPOSED CHANGES/REFORMS IN FDI AND RELATED POLICIES**

- ❖ Foreign investment will be allowed in the insurance and pension sectors in the automatic route up to 49% subject to the extent guidelines on Indian management and control to be verified by the Regulators.



- ❖ 100% FDI in Asset Reconstruction Companies (ARCs) will be permitted through automatic route. Foreign Portfolio Investors (FPIs) will be allowed up to 100% of each tranche in securities receipts issued by ARCs subject to sectoral caps.
- ❖ Investment limit for foreign entities in Indian stock exchanges will be enhanced from 5 to 15% on par with domestic institutions. This will enhance global competitiveness of Indian stock exchanges and accelerate adoption of best-in-class technology and global market practices.
- ❖ The existing 24% limit for investment by FPIs in Central Public Sector Enterprises, other than Banks, listed in stock exchanges, will be increased to 49% to obviate the need for prior approval of Government for increasing the FPI investment.
- ❖ The basket of eligible FDI instruments will be expanded to include hybrid instruments subject to certain conditions.

- ❖ FDI will be allowed beyond the 18 specified NBFC activities in the automatic route in other activities which are regulated by financial sector regulators.
- ❖ With a view to promote Make in India and following the practices in advanced countries, foreign investors will be accorded Residency Status subject to certain conditions. Currently, these investors are granted business visa only up to 5 years at a time.
- ❖ In order to ensure effective implementation of Bilateral Investment Treaties signed by India with other countries, I propose to introduce a Centre State Investment Agreement. This will ensure fulfilment of the obligations of the State Governments under these Treaties. States which opt to sign these Agreements will be seen as more attractive destinations by foreign investors.

All these decisions will facilitate ease of doing business for foreign investors and their domestic recipients.

## ALLOCATIONS OF IMPORTANT MINISTRIES, SECTORS & VULNERABLE SECTIONS

**Rs. (in crores)**

<b>MINISTRY/DEPARTMENT</b>	<b>BE 16-17</b>	<b>SECTOR TOTALS</b>	<b>BE 2016-17</b>	<b>Total for 2016-17</b>
Ministry Of Agriculture And Farmers Welfare	44485	Agriculture and Irrigation	47912	54212.33
Ministry Of Drinking Water And Sanitation	14010	Social Sectors including Education and Health	151581	----
Ministry Of Health And Family Welfare	39533	Rural Development and Drinking Water	101775	----
Ministry Of Housing And Urban Poverty Alleviation	5411	Infrastructure & Energy	221246	246246.39
Ministry Of Human Resource Development	72394	<b>ALLOCATION FOR WELFARE OF VULNERABLE SECTION ACROSS ALL MINISTRIES</b>		
Ministry Of Micro Small And Medium Enterprises	3465		<b>RE 2015-16</b>	<b>BE 2016-17</b>
Ministry Of Minority Affairs	3827	Schemes for welfare of Women	81249	90625
Ministry Of New And Renewable Energy	5036	Allocation for welfare of Children	64635	65758
Ministry Of Road Transport And Highways	57976	SC sub Plan	20963	24005
Ministry Of Rural Development	87765	ST Sub Plan	34675	38833
Ministry Of Skill Development And Entrepreneurship	1804			
Ministry Of Social Justice And Empowerment	7350			
Ministry Of Urban Development	24523			
Ministry Of Water Resources, River Development And Ganga Rejuvenation	6201			
Ministry Of Women And Child Development	17408			

## ALLOCATIONS OF IMPORTANT SCHEMES

**Rs. (in crores)**

**Rs. (in crores)**

<b>SCHEMES</b>	<b>BE 2016-17</b>	<b>SCHEMES</b>	<b>BE 2016-17</b>
Mahatma Gandhi National Rural employment Guarantee Scheme	38,500	Blue Revolution	575
National Social Assistance Programme	9,500	Pradhan Mantri Krishi Sinchai Yojna (PMKSY) <ul style="list-style-type: none"> <li>❖ Har Khet ko Pani</li> <li>❖ Accelerated Irrigation Benefit Programme and other schemes under PMKSY in Water Resources Ministry</li> <li>❖ Per Drop More Crop</li> <li>❖ Integrated Watershed Management Programme</li> </ul>	5,717 500 1,377 2,340 1,500
Schemes under Tribal Sub-Plan- across all Ministries	24,005	Pradhan Mantri Gram Sadak Yojna	19,000
Schemes under Scheduled Castes Sub-Plan- across all Ministries	38,833	Rashtriya Swastha Suraksha Yojna (RSSY)	1,500
Allocation for North Eastern Region-across all Ministries	33,097	Swachh Bharat Abhiyan (SBA)	11,300
National Rural Drinking Water Programme	5,000	National Health Mission (NHM)	20,037

Green Revolution ❖ Krishonnati Yojna ❖ Rashtriya Krishi Vikas Yojna	12,980 7,580 5,400	Umbrella Scheme for Development of Minorities. ❖ Multi-Sectoral Development Programme for Minorities ❖ Education Scheme for Madrasas and Minorities.	1,245 1,125 120
White Revolution	1,273	National Education Mission (NEM) including NEM : Sarva Shiksha Abhiyan	28,010 22,500
National Programme of Mid-day Meals in Schools	9,700	Digital India Programme and E-learning, E-panchayat, Land Records Modernisation	2,059
Integrated Child Development Scheme (Umbrella ICDS)	16,120	Central Pool of Resources for North Eastern Region and Sikkim	900
Pradhan Mantri Awas Yojna (PMAY)	20,075	Schemes of North Eastern Council	795
Urban Rejuvenation Mission (AMRUT and Mission for Development of 100 Smart Cities)	7,296	National Investment and Infrastructure Fund	4,000
Make in India: Scheme for Investment Promotion and Amended Technology Upgradation Fund Scheme	1,804	Equity Capital to Mudra and Credit Guarantee Fund under Pradhan Mantri Mudra Yojana	2,400
National Industrial Corridors	1,448	Start up and stand up	1,100

Schemes for employment generation	1,155	Metro Projects	10,000
Scheme for LPG connection to poor households	2,000	Namame Gange- National Ganga Plan	2,250
Deendayal Upadhyaya Gram Jyoti Yojana and Integrated Power Development Scheme(IPDS)	8,500	Rashtriya Yuva Sashakthikaran Karyakram	397
Sagarmala	450	Khelo India	216
Pradhan Mantri Kaushal Vikas Yojana	1,771	Recapitalization of Public Sector Banks	2,5000

## **DIRECT TAX**

- ❖ Redemption by an individual of Sovereign Gold Bond issued by Reserve Bank of India under Sovereign Gold Bond Scheme, 2015 shall not be charged to capital gains tax.
- ❖ Gains arising on account of appreciation of rupee against a foreign currency at the time of redemption of rupee denominated bond of an Indian company subscribed by a non-resident shall be exempt from capital gains tax.

- ❖ Transfer of units in merger or consolidation of plans of a mutual fund scheme shall be exempt from capital gains tax.
- ❖ Interest earned on Deposit Certificates issued under Gold Monetisation Scheme, 2015 and capital gains arising from them shall be exempt from tax.
- ❖ Fund registered or set up in a country notified by the Central Government will also be eligible for the special taxation regime. It is also proposed to provide that not having control and management of any business or not carrying on any business by the fund will be applicable only to activities in India and not from India.
- ❖ Determination of residency of foreign company on the basis of Place of Effective Management is proposed to be deferred by one year. It shall now apply with effect from 1.04.2017
- ❖ The companies located in international financial services centre shall not be liable to dividend distribution tax.

- ❖ Minimum Alternate Tax shall be charged at the rate of nine per cent from units located in international financial services centre.
- ❖ The transaction in foreign currency of sale of equity share or units of equity oriented funds or units of a business trust taking place on a recognised stock exchange established in international financial services centre shall not be liable to securities transaction tax.
- ❖ The transaction in foreign currency of sale of commodity derivatives taking place on a recognised association established in international financial services centre shall not be liable to commodity transaction tax.
- ❖ Capital gain arising from transfer of a long term asset being share of a private limited company shall be chargeable to tax at the rate of ten per cent.
- ❖ Acquisition of shares by an individual or HUF as a consequence of demerger or amalgamation of a company shall not attract tax liability under section 56(2)(vii) of the Income tax Act.



❖ Uniform tax treatment to the recognised provident fund, National Pension System and Superannuation Fund. Accordingly, the following is proposed:

- Exemption limit is proposed to be increased from Rs. 1 lakh to Rs. 1.5 lakh for annual contribution by an employer to a superannuation fund.
- A monetary limit of Rs. 1.5 lakh is proposed to be provided for annual contribution by an employer to a recognised provident fund.
- Any amount received by the nominee, on the death of the employee at the time of closure of account under National Pension System referred to in section 80CCD will be exempt.
- Exemption is proposed to be provided for one-time portability from a recognised provident fund or superannuation fund to National Pension System.

- 40% of the pension wealth received by an employee from the National Pension System Trust shall be exempt.
- Exemption under the recognised provident fund and superannuation fund will be limited to 40% of the accumulated amount arising out of contributions made in such funds on or after 01.04.2016. However, this restriction shall not be applicable to an employee participating in a recognised provident fund and whose monthly salary does not exceed Rs. 15,000/-.
- ❖ Deduction of interest payable on capital borrowed for acquisition or construction of a self-occupied house property shall be allowed if such acquisition or construction is completed **within five years**.
- ❖ Standard deduction of 30% shall be allowed against the amount received on account of unrealised rent while computing the house property income.

- ❖ Date of agreement fixing the amount of consideration for the transfer of immovable property and not the date of registration shall be taken for the purposes of computing capital gains in case of transfer of immovable property if any payment in consequence of such agreement has been made by the purchaser of the property through any mode other than cash.
- ❖ Section 10AA (**Deduction for units established in SEZ**) of the Income-tax Act has been amended to provide for a sunset date of 31.03.2020 for commencement of activity of manufacture or production of any article or thing or providing services by a unit located in a Special Economic Zone for availing deduction under section 10AA.
- ❖ Highest rate of depreciation is restricted to 40% under the income tax act, 1961 for all the assets (whether old or new) falling in the relevant block of assets with effect from 01.4.2017.
- ❖ Weighted deduction under section 35(1)(ii), 35 (2AA) and 35 (2AB) has been reduced to 150% from the financial year 2017-18 to financial year 2019-20 and from the financial year 2020-21 onwards the deduction

- ❖ Shall be restricted to 100%. It is also proposed that deduction under section 35(1) (iia) and (iii) of the Income-tax Act shall be reduced from 125% to 100% with effect from 01.04.2017 (**Deduction for Expenditure on Scientific Research**).
- ❖ Deduction under section 35 AD (**Investment linked deduction for specified business**) of the income tax act, 1961 has been reduced to 100% from 150% in the case of cold chain facility, warehousing facility for storage of agricultural produce, An affordable housing project, production of fertilizer and building and operating hospitals with effect from 01.04.2017.
- ❖ Section 35 AC (**Deduction for Expenditure on social projects**) of the Income-tax Act has been amended so as to provide that no deduction under the said section shall be available from financial year 2017-18 (Assessment Year 2018-19).

- ❖ Section 35 CCC (**Deduction for expenditure on agricultural extensions project**) of the Income-tax Act has been amended to restrict the deduction to 100% from financial year 2017-18 (Assessment Year 2018-19).
- ❖ Section 35 CCD (**Deduction for expenditure on skill development project**) of the Income-tax Act has been amended so as to provide that the weighted deduction of 150% shall be available upto financial year 2019-20 (assessment year 2020-21). However, the deduction under the said section shall be restricted to 100% from financial year 2020-21 (Assessment Year 2021-22).
- ❖ Section 80-IAB (**Deduction for development of Special Economic Zone**) of the Income-tax Act has been amended so as to provide that no deduction shall be available under this section where the development of Special Economic Zone begins on or after 1st April, 2017.

- ❖ Section 80-IA (**Deduction for development of infrastructure facility**) of the Income-tax Act has been amended so as to provide that no deduction shall be available to enterprise which starts development, operation and maintenance of any infrastructure facility on or after 1st April, 2017. Further provided that the development, operation and maintenance of an infrastructure facility beginning on or after 1st April, 2017 shall be eligible for investment linked deduction under section 35AD of the Income-tax Act.
- ❖ Section 80-IB(9)(ii), (iv) & (v) (**Deduction for production of mineral oil and natural gas**) has been amended so as to provide that no deduction shall be available to an undertaking engaged in production of mineral oil or natural gas if the production commences on or after 1st April, 2017.
- ❖ Section 206AA of the Income-tax Act has been amended so as to provide that TDS shall not be deducted at a higher rate in case of non-residents not having PAN, subject to prescribed condition.

## **TDS / TCS Rationalisation**

<b>Changes in Threshold Limits</b>			
<b>Present Section</b>	<b>Heads</b>	<b>Existing Threshold Limit (Rs.)</b>	<b>Proposed Threshold Limit (Rs.)</b>
<b>192A</b>	Payment of accumulated balance due to an employee in EPF	<b>30,000</b>	<b>50,000</b>
<b>194BB</b>	Winnings from Horse Race	<b>5,000</b>	<b>10,000</b>
<b>194C</b>	Payments to Contractors	<b>Aggregate annual limit of 75,000</b>	<b>Aggregate annual limit of 1,00,000</b>
<b>194LA</b>	Payment of Compensation on acquisition of certain Immovable Property	<b>2,00,000</b>	<b>2,50,000</b>
<b>194D</b>	Insurance commission	<b>20,000</b>	<b>15,000</b>
<b>194G</b>	Commission on sale of lottery tickets	<b>1,000</b>	<b>15,000</b>
<b>Changes in TDS Rates</b>			
<b>Present Section</b>	<b>Heads</b>	<b>Existing rates of TDS (%)</b>	<b>Proposed rates of TDS (%)</b>
<b>194DA</b>	Payment in respect of Life Insurance Policy	<b>2%</b>	<b>1%</b>
<b>194EE</b>	Payments in respect of NSS Deposits	<b>20%</b>	<b>10%</b>
<b>194D</b>	Insurance commission	<b>10%</b>	<b>5%</b>

<b>194G</b>	Commission on sale of lottery tickets	<b>10%</b>	<b>5%</b>
<b>194H</b>	Commission or brokerage	<b>10%</b>	<b>5%</b>
<b>194K</b>	Income in respect of Units	<b>To be omitted w.e.f 01.06.2016</b>	<b>N.A</b>
<b>194L</b>	Payment of Compensation on acquisition of Capital Asset	<b>To be omitted w.e.f 01.06.2016</b>	<b>N.A</b>

- ❖ Upon self-certification, no tax will be deducted on rental payments if Income of the payee does not exceed the maximum amount not chargeable to tax.
- ❖ Mere storage of crude oil in India in case of foreign company would not constitute Business Connection and the income arising or accruing on storage and sale of the crude oil, subject to fulfilment of certain conditions, and will not be liable to tax in India.



- ❖ No income shall be deemed to accrue or arise in India to a foreign company through or from the activities which are confined to display of uncut and unassorted diamonds in a notified Special Zone.
- ❖ Plant & machinery acquired and installed for transmission activity would also be eligible for additional depreciation under section 32(1)(iia) of the Income-tax Act.
- ❖ Sub Section (1A) of Section 32 AC of the Income-tax Act has been amended so as to provide that the acquisition of the plant & machinery of the specified value has to be made in the previous year. Installation must be made by 31.03.2017 in order to avail the benefit of additional depreciation of 15%.
- ❖ The scope of section 43B of the Income-tax Act has been expanded so as to provide that certain specified payments made to Railways shall be allowed as deduction as business income only if the same has been paid on or before the due date of filing of return for the relevant year.

- ❖ Non-compete fee received receivable in relation to not carrying out any profession will be chargeable to tax as an income from business or profession.
- ❖ Fees paid for obtaining right to use the spectrum is to be amortized over the period for which the right to use the spectrum has been granted.
- ❖ Where a Trust or Institution registered u/s 12AA of the Income-tax Act ceases to be charitable organisation, the amount of net asset as on date of such conversion which represents the income accreted to the trust over a period of time shall be charged to additional income-tax at the maximum marginal rate. Similarly, if on dissolution a charitable trust or institution does not transfer all its assets **within one year of dissolution to another charitable organization**, the amount of accreted income to the extent not transferred shall be subject to this levy of additional income-tax.
- ❖ No set off of losses shall be allowed against deemed undisclosed income u/s 68 to 69D of the Income-tax Act.

- ❖ Tax neutral treatment to conversion of a company into Limited Liability Partnership (LLP), if, among the other existing conditions, the **total value of the assets in the books of account of the company in any of the three preceding years from the year in which conversion takes place does not exceed five crore rupees.**
- ❖ Buyback of shares by a company shall mean purchase of its own shares in accordance with relevant provisions of the Companies Act and that the distributed income shall mean, the consideration paid on buyback of shares as reduced by the amount received by the company for issue of such shares to be determined in the prescribed manner.
- ❖ Provisions of section 44AB of the Income tax Act has been amended to enhance the threshold limit for audit of accounts from Rs. 25 lakh to Rs. 50 lakh for persons having income from profession.
- ❖ Provisions of section 44AD of the Income tax Act have been amended so as to increase the threshold limit of presumptive taxation from Rs. 1 crore to Rs. 2 crore. If the taxpayer opts for the presumptive taxation scheme, he has to remain in that scheme for 5 years.

- ❖ Provisions of section 139 of the Income tax Act has been proposed to be amended so as to provide that:
  - A person shall be required to furnish his return of income if his total income during the previous year without claiming exemption under section 10(38) exceeds the maximum amount which is not chargeable to tax.
  - A person, who has not furnished a return for any previous year by the due date, may furnish the same before the end of the relevant assessment year or before the completion of the assessment, whichever is earlier. He may also revise such return before the expiry of one year from the end of the relevant assessment year or before the completion of the assessment, whichever is earlier.
  - A return furnished in response to a notice issued under section 142 (1) of the Income-tax Act cannot be revised.

- A return which is otherwise valid would not be treated defective merely because self-assessment tax and interest payable in accordance with the provisions of section 140A, has not been paid on or before the date of furnishing of the return.
- ❖ Provisions of section 211 of the Income tax Act has been proposed to be amended so as to provide that the number of installments and due dates for payment of advance tax in the case of individuals, HUFs, firms, etc. shall be the same as is applicable to companies. Also, taxpayer eligible for presumptive taxation scheme under section 44AD of the Income-tax Act shall pay whole amount of advance tax in one installment on or before the 15th March of the financial year.
- ❖ Provisions of section 253 of the Income tax Act has been proposed to be amended so as to provide that no appeal shall be filed by the Income-tax Department against the direction of the Dispute Resolution Panel.
- ❖ Provisions of section 254 of the Income tax Act has been proposed to be amended to reduce the time limit for rectifying an order passed by Appellate Tribunal from 4 years to 6 months.

- ❖ Provisions of section 281B of the Income tax Act has been proposed to be amended to provide for revocation of attachment of property in cases where assessee furnishes a Bank Guarantee from a scheduled bank of an amount not less than the fair market value of such property or of an amount sufficient to protect the interest of revenue.
- ❖ It is proposed to be provided that notices and documents may be issued by the income tax authorities in electronic form also.
- ❖ Provisions of section 147 of the Income tax Act has been proposed to be amended to provide that a case may be reopened by the Assessing Officer on the basis of information culled out from the data base by the Directorate of Systems indicating that income has escaped assessment.
- ❖ It is proposed to expand the scope of adjustment that can be done at the time of processing of return under sub-section 143(1) of the Income-tax Act. It is also proposed that before making an assessment u/s 143(3) of the Act, a return shall be processed u/s 143(1) of the Act.

## INDIRECT TAX

- ❖ The Table below summarizes the changes in Customs, Central Excise and Service Tax rate structures and law and procedure.

S. No.	Changes	Existing	Proposed
<b>I</b>	<b>Promoting Agriculture and food processing</b>		
1	Krishi Kalyan Cess proposed to be levied on all taxable services to finance and promote initiatives to improve agriculture, with effect from 01.06.2016.	-	0.5%
2	Services provided by National Centre for Cold Chain Development under Department of Agriculture, Cooperation and Farmer's welfare, Government of India, by way of knowledge dissemination, being exempted from service tax, with effect from 01.04.2016.	14%	Nil
3	Excise duty on electric motor, shafts, sleeve, chamber, impeller, washer required for the manufacture of centrifugal pump being reduced. More than 50% of such pumps are used in agriculture.	12.5%	6%
4	Concessional 5% Basic Customs Duty as presently available under project imports for cold storage, cold room (including for farm level pre-cooling) being extended for 'cold chain including pre-cooling unit, pack houses, sorting and grading lines and ripening chambers' also.	10%	5%
5	BCD on refrigerated containers being reduced.	10%	5%

6	Excise duty on refrigerated containers being reduced	12.5%	6%
7.	Excise duty on micronutrients [covered under S. No. 1(f) of Schedule 1 Part (A) of the Fertilizer Control Order, 1985 and manufactured by the manufacturers which are registered under the FCO, 1985] being reduced.	12.5%	6%
8.	Excise duty on physical mixture of fertilizers, made out of chemical fertilizers on which duty of excise has been paid, by Co-operative Societies, holding certificate of manufacture for mixture of fertilizers under the Fertilizer Control Order 1985, for supply to the members of such Co- operative Societies, being exempted.	1% (without ITC) or 6% (with ITC)	Nil
<b>II</b>	<b>Broadening of Tax base</b>	<b>Existing</b>	<b>Proposed</b>
1.	Exemption on services provided by,- (i) A Senior advocate to an advocate or partnership firm of advocates providing legal service; and (ii) A person represented on an arbitral tribunal to an arbitral tribunal being withdrawn and service tax being levied under forward charge, with effect from 01.04.2016.	Nil	14%
2.	Exemption to construction, erection, commissioning or installation of original works pertaining to monorail or metro, in respect of contracts entered into on or after 1st March 2016 being withdrawn, with effect from 01.03.2016.	Nil	5.6%
3.	Exemption to the services of transport of passengers, by ropeway, cable car or aerial tramway being withdrawn, with effect from 01.04.2016.	Nil	14%
4.	Negative List entry that covers ‘service of transportation of passengers, with or without accompanied belongings, by a stage carriage’ being omitted and tax	Nil	5.6%



	proposed to be levied on service of transportation of passengers by air conditioned stage carriage, at the abatement of 60% without input tax credit, with effect from 01.06.2016.		
5.	Abatement on shifting of used household goods by a Goods Transport Agency is being rationalized at the rate of 60%, without input tax credit, with effect from 01.04.2016.	4.2%	5.6%
<b>III</b>	<b>Measures to boost construction sector and promote affordable housing</b>	<b>Existing</b>	<b>Proposed</b>
1	Service Tax on services in respect of- (i) Construction services under Housing For All (HFA) (Urban) Mission/ Pradhan Mantri Awas Yojana (PMAY); (ii) Construction projects under “Affordable housing in partnership” component of PMAY, subject to carpet area of dwelling units of such projects not exceeding 60 square metres; (iii) Low cost houses up to a carpet area of 60 square metres per house in a housing project under any housing scheme of the State Government. Being exempted, with effect from 01.03.2016.	5.6%	Nil
2	Excise duty exemption, presently available to Concrete Mix manufactured at site for use in construction work at such site being extended to Ready Mix Concrete manufactured at the site of construction for use in construction work at such site.	12.5%	Nil
<b>IV</b>	<b>Promoting social security and moving towards a pensioned society</b>		
1	Service Tax on service of life insurance business provided by way of annuity under the National Pension System regulated by Pension Fund Regulatory	3.5%	Nil

	Development Authority (PFRDA) being exempted, with effect from 01.04.2016.		
2	Service tax on services provided by Employees' Provident Fund Organization (EPFO) to employees, being exempted, with effect from 01.04.2016.	14%	Nil
3	Composition rate of service tax on single premium annuity (insurance) policies being reduced from 3.5% to 1.4% of the premium charged, with effect from 01.04.2016.	3.5%	1.4%
4	Service Tax on the services of general insurance business provided under 'Niramaya' Health Insurance scheme launched by National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disability being exempted, with effect from 01.04.2016.	14%	Nil
<b>V</b>	<b>Financial, Banking &amp; Insurance Sector</b>	<b>Existing</b>	<b>Proposed</b>
1	The services provided by mutual fund agent/distributor to a mutual fund or asset management company being taxed under forward charge, with effect from 01.04.2016.	14%	14%
2	Service tax on the regulatory services provided by Securities and Exchange Board of India and Insurance Regulatory Development Authority being exempted, with effect from 01.04.2016.	14%	NIL
3	Additional options being provided for reversal of actual input tax credits with respect to non-taxable services provided by them by way of extending deposits, loans, and advances to banking companies and financial institutions, including non banking financial companies. This will come into effect from 01.04.2016.		

4	Service tax on services provided by Insurance Regulatory and Development Authority of India (IRDA), being exempted, with effect from 01.04.2016.	14%	Nil
<b>VI</b>	<b>Incentivizing domestic value addition, 'Make in India'</b>		
		<b>Existing</b>	<b>Proposed</b>



<b>1</b>	<b>Balloons</b>		
	BCD on Natural latex rubber made balloons being increased.	10%	20%
<b>2</b>	<b>Jewellery</b>		
	BCD on Imitation jewellery being increased.	10%	15%
<b>3</b>	<b>Metals</b>		
	BCD being increased on		
	a) Primary aluminium	5%	7.5%
	b) Other aluminium products	7.5%	10%
	c) Zinc alloys	5%	7.5%
<b>4</b>	<b>Renewable Energy</b>		
(i)	BCD on Industrial solar water heater being increased.	7.5%	10%

(ii)	BCD exemption on solar tempered glass / solar tempered (anti-reflective coated) glass being withdrawn and 5% concessional BCD being imposed, subject to actual user conditions.	Nil	5%
(iii)	Solar lamp being exempt from excise duty	12.5%	Nil
<b>5</b>	<b>Capital Goods</b>		
	Tariff rate of BCD being increased on goods falling under 211 specified tariff lines in Chapter 84, 85 and 90. Out of which:	7.5%	10%
	(i) The effective rate of BCD on goods falling under 115 specified tariff lines in being maintained at 7.5%.	7.5%	7.5%
	(ii) The effective rate of BCD on goods falling under remaining 96 tariff lines is being increased to 10%.	7.5%	10%
<b>6</b>	<b>Mineral fuels and Mineral oils</b>		
(i)	Rate of Oil Industries Development Cess, on domestically produced crude oil [OIDB Cess under the Oil Industry (Development) Act, 1974], being reduced.	Rs. 4500 PMT	20% advalorem
(ii)	BCD being rationalized on:		
	a) Coal; briquettes, ovoids and similar solid fuels manufactured from coal	2.5% /10%	2.5%
	b) Lignite, whether or not agglomerated, excluding jet	10%	2.5%
	c) Peat (including peat litter), whether or not agglomerated	10%	2.5%
	d) Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon	5% /10%	5%

	e) Coal gas, water gas, producer gas and similar gases, other than petroleum gases and other gaseous hydrocarbons.	10%	5%
	f) Tar distilled from coal, from lignite or from peat and other mineral tars, whether or not dehydrated or partially distilled, including reconstituted tars	10%	5%
	g) Oils and other products of the distillation of high temperature coal tar similar products in which the weight of the aromatic constituents exceeds that of the non-aromatic constituents.	2.5% / 5% / 10%	2.5%
	h) Pitch and pitch coke, obtained from coal tar or from other mineral tars.	5% / 10%	5%
<b>7.</b>	<b>Chemicals &amp; Petrochemicals</b>		
(i)	BCD on all acyclic hydrocarbons and all cyclic hydrocarbons [other than para-xylene which attracts Nil BCD and styrene which attracts 2% BCD] being rationalized.	5% / 2.5%	2.5%
(ii)	BCD on denatured ethyl alcohol (Ethanol) being reduced, subject to actual user condition.	5%	2.5%
(iii)	SAD on Orthoxylene, being reduced, for the manufacture of phthalic anhydride subject to actual user condition.	4%	2%
(iv)	BCD on electrolyzers, membranes and their parts required by caustic soda/ potash unit using membrane cell technology being exempted.	2.5%	Nil
<b>8</b>	<b>Paper, Paperboard and newsprint</b>		
(i)	Basic customs duty on wood in chips or particles for manufacture of paper, paperboard and news print being reduced.	5%	Nil
(ii)	BCD on Plans, drawings and designs being increased.	Nil	10%

<b>9</b>	<b>Textiles</b>		
(i)	Basic Customs Duty on specified fibres and yarns being reduced.	5%	2.5%
(ii)	Basic customs duty on import of specified fabrics [for manufacture of textile garments for export] of value equivalent to 1% of FOB value of exports in the preceding financial year being exempted subject to the specified conditions.	Applicable rate	Nil
<b>10</b>	<b>Electronics / Hardware</b>		
(i)	BCD on polypropylene granules / resins for the manufacture of capacitor grade plastic films being reduced.	7.5%	Nil
(ii)	BCD on E-Readers being increased.	Nil	7.5%
(iii)	BCD on parts of E-readers being reduced.	Applicable rate	5%
(iv)	Nil Basic Customs Duty being extended on magnetron of capacity of 1 KW to 1.5 KW for use in manufacture of domestic microwave ovens, subject to actual user condition.	10%	Nil
(v)	Machinery, electrical equipment, instrument and parts thereof (except populated PCBs) for semiconductor wafer fabrication/LCD fabrication units being exempted.	Applicable BCD SAD – 4%	Nil BCD Nil SAD
(vi)	Machinery, electrical equipment, instrument and parts thereof (except populated PCBs) imported for Assembly, Test, Marking and Packaging of semiconductor chips (ATMP) being exempted.	Applicable BCD SAD – 4%	Nil BCD Nil SAD

(vii)	The exemption from basic customs duty, CV duty, SAD on charger/adapter, battery and wired headsets/speakers for manufacture of mobile phone being withdrawn.	BCD – Nil CVD – Nil SAD - Nil	Applicable BCD CVD – 12.5% SAD –4%
(viii)	Inputs, parts and components, subparts for manufacture of charger / adapter, battery and wired headsets /speakers, of mobile phone, subject to actual user condition being exempted.	Applicable BCD, CVD SAD	Nil BCD Nil CVD Nil SAD
(ix)	Parts and components, subparts for manufacture of Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR)/network video recorder (NVR), CCTV camera/IP camera, lithium ion battery [other than those for mobile handsets] being exempted.	Applicable BCD, CVD SAD	Nil BCD Nil CVD Nil SAD
(x)	Basic Customs Duty exemption on Magnetic - Heads (all types), Ceramic/ Magnetic cartridges and stylus, Antennas, EHT cables, Level meters/level indicators/ tuning indicators/ peak level meters/ battery meter/VC meters/Tape counters, Tone arms, Electron guns being withdrawn.	Nil	Applicable BCD
(xi)	Specified telecommunication equipment[Soft switches and Voice over Internet Protocol (VoIP) equipment namely VoIP phones, media gateways, gateway Product/Switch (POTP/POTS), Optical controllers and session border controllers, Optical Transport equipment; combination of one / more of Packet Optical Transport Network(OTN) products, and IP Radios, Carrier Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching- Transport Profile (MPLS-TP) products, Multiple Input / Multiple	Nil	10%

	Output (MIMO) and Long Term Evolution (LTE) Products on which 10% BCD was imposed in 2014-15 Budget] being excluded from the purview of the other exemption also.		
(xii)	Basic Customs Duty exemption on preform of silica for manufacture of telecom grade optical fibre /cables being withdrawn.	Nil	10%
(xiii)	Basic Customs Duty on specified capital goods and inputs for use in manufacture of Micro fuses, Sub-miniature fuses, Resettable fuses and Thermal fuses being exempted.	Applicable rate	Nil
(xiv)	Concessional Basic Customs Duty on Neodymium Magnet (before Magnetization) and Magnet Resin (Strontium Ferrite compound/before formed, before magnetization) for manufacture of BLDC motors, being prescribed subject to actual user condition.	Applicable rate	2.5%
(xv)	Exemption from SAD on populated PCBs for manufacture of personal computers (laptop or desktop) being withdrawn.	Nil	4%
(xvi)	Exemption from SAD on populated PCBs of mobile phone/tablet computer being withdrawn. Concessional SAD on populated PCBs for manufacture of mobile phone/tablet computer imposed.	Nil	2%
(xvii)	Excise duty structure on domestically manufactured charger/adaptor, battery and wired headsets/speakers for supply to mobile phone manufacturers as original equipment manufacturer being changed.	Nil	2% [without ITC] or 12.5% [with ITC]



(xviii)	Excise duty on inputs, parts and components, subparts for manufacture of charger/adapter, battery and wired headsets/speakers of mobile phone, subject to actual user condition being exempted.	12.5% /Nil	Nil
(xix)	Excise duty structure on Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR) / network video recorder (NVR), CCTV camera / IP camera, lithium ion battery [other than those for mobile handsets] being changed.	12.5%	4% [without ITC] or 12.5% [with ITC]
(xx)	Excise duty on parts and components, subparts for manufacture of Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR) / network video recorder (NVR), CCTV camera / IP camera, lithium ion battery [other than those for mobile handsets] being exempted.	12.5%	Nil
<b>11</b>	<b>Metals, glass and ceramics</b>		
(i)	BCD on Silica sand being reduced.	5%	2.5%
(ii)	Basic Customs Duty on brass scraps being reduced.	5%	2.5%
(iii)	Excise duty structure on disposable containers made of aluminium foils being changed.	2% [without ITC] or 6% [with ITC]	2% [without ITC] or 12.5% [with ITC]
<b>12</b>	<b>Automobiles</b>		
(i)	BCD on Golf cars being increased.	10%	60%

(ii)	Nil BCD and 6% excise/CVD being extended on parts of electric vehicles and hybrid vehicles, presently.	Available upto 31.03.2016	Without any time limit
(iii)	BCD on aluminium Oxide for manufacture of Wash Coats, which are used in the manufacture of catalytic converters, being reduced subject to actual user condition.	7.5%	5%
(iv)	Description of “Engine for HV (Atkinson cycle)” to “Engine for xEV (hybrid electric vehicle)” for the purposes of Nil Basic Customs Duty and 6% CVD being changed.	Applicable BCD and CVD	Nil BCD 6% CVD
(v)	Description of “Engine for HV (Atkinson cycle)” to “Engine for xEV (hybrid electric vehicle)” being changed for the purposes of concessional 6% excise duty	12.5%	6%
<b>13</b>	<b>Capital Goods</b>		
(i)	CVD exemption on specified machinery required for construction of roads being withdrawn.	Nil	12.5%
<b>14</b>	<b>Defence Production</b>		
(i)	Customs duties exemption on direct imports of specified goods for defence purposes by Government of India or State Governments being withdrawn, with effect from 01.04.2016.	BCD- Nil CVD – Nil SAD – Nil	BCD –5% to 10% CVD – 12.5% SAD –4%

(ii)	BCD exemption on specified goods imported by contractors of Government of India PSUs or sub-contractors of such PSUs for defence purposes being withdrawn, with effect from 01.04.2016.	Nil	7.5% to 10%
<b>15</b>	<b>Maintenance, repair and overhaul [MRO] of aircrafts</b>		
(i)	Tools and tool kits being exempted from Basic Customs duty, CVD and SAD when imported by MROs for maintenance, repair, and overhauling [MRO] of aircraft subject to certification by the Directorate General of Civil Aviation.	Applicable BCD, CVD and SAD	Nil BCD Nil CVD Nil SAD
(ii)	Exemption from excise duty being extended to tools and tool kits when procured by MROs for maintenance, repair, and overhauling [MRO] of aircraft subject to a certification by the Directorate General of Civil Aviation	Applicable Excise duty	Nil
(iii)	Procedure for availment of exemption from customs duties on parts, testing equipment, tools and tool-kits for maintenance, repair and overhaul of aircraft being simplified based on records and subject to actual user condition.		
(iv)	The restriction of one year for utilization of duty free parts for maintenance, repair and overhaul of aircraft being removed.		
(v)	The existing conditions of stay [60 days] being further relaxed, so as to provide for stay up to 6 months of the foreign aircraft for maintenance, repair or overhauling, with further extension of such period by DGCA as deemed fit.		
(vi)	The procedure for availment of exemption from excise duty on parts, testing equipment, tools and tool-kits for maintenance, repair and overhaul of aircraft being simplified based on records.		

<b>16</b>	<b>Ship Repair /Units</b>		
(i)	Excise duty on capital goods and spares thereof, raw materials, parts, material handling equipment and consumable for repairs of ocean-going vessels by a ship repair unit subject to actual user condition being exempted.	Applicable excise duty	Nil
(ii)	The procedure for availment of exemption from Basic Customs Duty, CVD and SAD by ship repair units being simplified based on records and subject to actual user condition.		
<b>17</b>	<b>Miscellaneous</b>		
(i)	Basic customs duty on import of Medical Use Fission Molybdenum-99 by Board of Radiation and Isotope Technology (BRIT) for manufacture of radio pharmaceuticals being exempted.	7.5%	Nil
(ii)	Concessional BCD on Pulp of wood for manufacture of sanitary pads, napkins & tampons being provided.	5%	2.5%
(iii)	Concessional BCD on Super Absorbent Polymer when used for manufacture of sanitary pads, napkins & tampons being extended.	7.5%	5%
(iv)	Excise duty on parts of railway or tramway locomotives or rolling stock and railway or tramway track fixtures and fittings, railway safety or traffic control equipment, etc. being reduced.	12.5%	6%
(v)	“Foreign Satellite data” on storage media when imported by National Remote Sensing Centre (NRSC), Hyderabad being exempted.	Applicable BCD, CVD, SAD	Nil BCD Nil CVD Nil SAD
(vi)	Clean Energy Cess / Clean Environment Cess on coal, lignite or peat, produced or extracted as per traditional and customary rights enjoyed by local tribals without any license or lease in the State of Nagaland being exempted.	Rs. 200 per tonne	Nil

(vii)	Excise duty on improved cook stoves including smokeless chulhas for burning wood, agrowaste, cowdung, briquettes, and coal being exempted unconditionally.	12.5%	Nil
<b>18</b>	<b>Ores, concentrates</b>		
	Export duty reduced on:		
	a) Iron ore fines with Fe content below 58%	10%	Nil
	b) Iron ore lumps with Fe content below 58%	30%	Nil
	c) Chromium ores and concentrates, all sorts	30%	Nil
	d) Bauxite	20%	15%
<b>19.</b>	<b>Textiles</b>		
(i)	Excise duty on branded readymade garments and made up articles of textiles of retail sale price of Rs. 1000 or more being changed.	Nil (without ITC) or 6%/12.5% (with ITC)	2% (without ITC) or 12.5% (with ITC)
(ii)	The Tariff value for excise /CVD purposes on readymade garments and made up articles of textiles being changed.	30% of retail sale price	60% of retail sale price

(iii)	Excise duty on PSF / PFY, manufactured from plastic scrap or plastic waste including waste PET bottles, being changed.	2% (without ITC) or 6% (with ITC)	2% (without ITC) or 12.5% (with ITC)
<b>20.</b>	<b>Renewable Energy</b>		
(i)	Excise duty on carbon pultrusions used for manufacture of rotor blades, and intermediates, parts and sub-parts of rotor blades for wind operated electricity generators being reduced.	12.5%	6%
(ii)	Excise duty on Unsaturated Polyester Resin (polyester based infusion resin and hand layup resin), Hardeners/Hardener for adhesive resin, Vinyl Ester Adhesive (VEA) and Epoxy Resin used for manufacture of rotor blades, and intermediates, parts and sub-parts of rotor blades for wind operated electricity generators being increased.	Nil	6%
(iii)	“Valid agreement between importer / producer of power with urban local body for processing of municipal solid waste for not less than ten years from the date of commissioning of project” being provided as an alternative condition for availing concessional customs/excise duty benefits in case of power generation project based on municipal and urban waste.		

<b>21</b>	<b>Jewellery</b>		
	Excise duty exemption on Articles of Jewellery [excluding silver jewellery, other than studded with diamonds or other precious stones namely, ruby, emerald and sapphire] being withdrawn with a higher threshold exemption upto`6 crore in a year and eligibility limit of Rs. 12 crore, along with simplified compliance procedure.	Nil	1% (without ITC) or 12.5% (With ITC)
<b>22</b>	<b>Footwear</b>		
(i)	Excise duty on rubber sheets & resin rubber sheets for soles and heels being reduced.	12.5%	6%
(ii)	The abatement rate from retail sale price (RSP) for the purposes of RSP based assessment of excise duty, for all categories of footwear being revised.	25%	30%
<b>23</b>	<b>Service tax</b>		
(i)	a) Services provided by Indian Shipping lines by way of transportation of goods by a vessel to outside India being zero rated with effect from 1st March, 2016; and b) Service tax on services provided by them by way of transportation of goods by a vessel from outside India up to the customs station in India being imposed, with effect from 1st June, 2016.	No credit  Nil	Input tax credit allowed  14%
(ii)	Service tax on services provided by Biotechnology Industry Research Assistance Council (BIRAC) approved biotechnology incubators to incubatees being exempted, with effect from 01.04.2016.	14%	Nil

(iii)	Service tax on the services provided by way of skill/vocational training by training partners under Deen Dayal Upadhyay Grameen Kaushalya Yojana being exempted, with effect from 01.04.2016.	14%	NIL
(iv)	Service tax on services of assessing bodies empanelled centrally by Directorate General of Training, Ministry of Skill Development & Entrepreneurship being exempted, with effect from 01.04.2016.	14%	NIL
(v)	Notification No. 41/2012-ST, was amended by notification No.1/2016-ST so as to, inter alia, allow refund of service tax on services used beyond the factory etc. for the export. This amendment is being made effective from 1 <sup>st</sup> July 2012. This will come into effect from the date of enforcement of Finance Bill 2016.		
(vi)	Quarterly payment of service tax being extended to 'One Person Company' (OPC) and HUF also, with effect from 01.04.2016.		
(vii)	Facility of payment of service tax being extended on receipt basis to 'One Person Company' (OPC) also, with effect from 01.04.2016.		
<b>VI</b>	<b>Ease of doing business</b>		
1	13 cesses levied by other Ministries/Departments and administered by the Department of Revenue, where the revenue collection from each of them is less than Rs. 50crore in a year being abolished.		



2	<p>Interest rates on delayed payment of duty/tax across all indirect taxes being rationalized at 15%, except in case of service tax collected but not deposited to the exchequer, in which case the rate of interest will be 24% from the date on which the service tax payment became due.</p> <p>For assesses with taxable value during preceding year/years covered by the notice is less than Rs. 60 Lakh, the rate of interest on delayed payment of service tax will be 12%.</p> <p>This will come into effect from date of enforcement of Finance Bill, 2016.</p>	<p>Customs 18% Excise 18%  Service tax 18% 24% 30%</p>	<p>Customs Excise Service tax 15%.  24% in case of tax collected but not deposited</p>
3	<p>The exemptions from customs duties on specified goods imported for petroleum exploration under various types of licenses or mining leases, pre-NELP contracts, NELP contracts, Marginal Fields Policy and the Coal Bed Methane Policy being merged into a single exemption with a unified list of specified goods and conditions.</p>		
4	<p>Nil Basic Customs Duty and Nil CVD on imports of goods required for exploration &amp; production of hydrocarbon activities being extended to such operations undertaken under Petroleum Exploration Licenses (PEL) or Mining Leases (ML) issued or renewed before 1st April 1999.</p>		

5	CENVAT Credit Rules, 2004 being amended, to improve credit flow, reduce the compliance cost and litigation, particularly those relating to apportionment of credit between exempted and non- exempted final products / services. Changes are also being made in the provisions relating to input service distributor, including extension of this facility to transfer input services credit to outsourced manufacturers, under certain circumstances. Amendments will also enable manufacturers with multiple manufacturing units to maintain a common warehouse for inputs and distribute inputs with credits to the individual manufacturing units. This will come into effect from 01.04.2016.
6	Amendments being made to Central Excise and Service Tax laws so as to provide for closure of proceedings against co-noticees, once the proceedings against the main noticee have been closed, with effect from date of enforcement of Finance Bill, 2016.
7	Rules prescribing procedure for import or domestic procurement of goods at concessional rates of customs and excise duties for certain specified purposes being simplified.
8	Number of returns for central excise assessee, above a certain threshold, is being reduced, from 27 to 13, one annual and 12 monthly return. The annual return will also have to be filed by service tax assesseees, above a certain threshold, taking total number of returns to three in a year for them. This will come into effect from 01.04.2016.
9	The facility for revision of return, hitherto available to a service tax assessee only being extended to manufacturers also.
10	The monetary limit for launching prosecution being increased to 2 crore of service tax evasion and the power to arrest being restricted only to situations where the tax payer has collected the tax but not deposited it to the exchequer above a certain threshold of ` 2 crore. This will come into effect from date of enforcement of Finance Bill, 2016.

11	The Customs Act being amended to provide for deferred payment of customs duties for certain class of importers and exporters. In consultations with Ministry of Shipping, the facility of direct port delivery is being extended to more importers.		
12	In 2014-15 Budgets, the intent to implement Indian Customs Single Window Project was announced. Significant progress has been made in that direction to implement this facility at major ports and airports starting from next financial year.		
13	The duty free import allowance for bona fide gifts imported by post or air or by courier service being increased.	Rs. 10,000	Rs.20,000
14	Chief Commissioners of Central Excise are being instructed to file application for withdrawing prosecution in cases involving duty less than rupees five lakh and pending for more than fifteen years.		
<b>VII</b>	<b>Clean Environment Initiatives</b>	<b>Existing</b>	<b>Proposed</b>
1.	The name of 'Clean Energy Cess' levied on coal, lignite and peat being changed to 'Clean Environment Cess' and its rate being increased.	Rs. 200 PMT	Rs. 400 PMT
2	Credit of input services on transport of passengers by rail at the existing rate of abatement of 70% being allowed, with effect from 01.04.2016.	4.2% Without credit	4.2% With input service credit
3	Credit of input services on transport of goods in containers by rail at a reduced abatement rate of 60% being allowed, with effect from 01.04.2016.	4.2% Without credit	5.6% With input service credit

4	Credit of input services on transport of goods, other than in containers by rail at the existing rate of abatement of 70% being allowed, with effect from 01.04.2016.	4.2% Without credit	4.2% With input service credit
5	Credit of input services on transport of goods by vessel at the existing rate of abatement of 70% being allowed, with effect from 01.04.2016.	4.2% Without credit	4.2% With input service credit
6.	The customs and excise duty concessions on specified parts of electric vehicles / hybrid vehicles being extended.	Upto 31.03.2016	Without time limit
7.	Excise duty on sacks and bags of any plastic being rationalized.	12.5% or 15%	15%
<b>VIII</b>	<b>Reduce litigation and providing certainty in taxation</b>		
1	An Indirect tax Dispute Resolution Scheme, 2016, being introduced wherein in respect of cases pending before Commissioner (Appeals), the assessee, after paying the duty, interest and penalty equivalent to 25% of penalty imposed, can file a declaration. The proceedings against the assessee will be closed and he will also get immunity from prosecution. However, this scheme will not apply in certain cases.		
2	Retail Sale Price [RSP] based assessment of excise duty being extended to all goods falling under heading 3401 and 3402 with the abatement rate of 30%.		

3	Retail Sale Price [RSP] based assessment of excise duty being extended to: <ul style="list-style-type: none"> <li>• Aluminium foils of a thickness not exceeding 0.2 mm [with abatement of 25%];</li> <li>• Wrist wearable devices (commonly known as ‘smart watches’) [with abatement of 35%]; and</li> <li>• Accessories of motor vehicle and certain other specified goods [with abatement of 30%].</li> </ul>		
4	Exemptions being restored , with effect from 01.04.2015, in relation to contracts which had been entered into prior to 01.03.2015 for services of: <ul style="list-style-type: none"> <li>• Construction provided to the Government, a local authority or a governmental authority, in respect of construction of govt. Schools, hospitals etc.</li> <li>• Construction of ports, airports.</li> </ul>	5.6% of total amount	Nil
5	Exemption from service tax being extended to services provided by way of construction, maintenance etc. of canal, dam or other irrigation works provided to bodies set up by Government, during the period from the 1st July, 2012 to 29th January, 2014.	5.6% of total amount	Nil
6	Section 67A being amended to obtain rule making powers in respect of the Point of Taxation Rules, 2011. Point of Taxation Rules, 2011 being amended accordingly, with effect from date of enforcement of Finance Bill, 2016.		
7	Section 93A of the Finance Act, 1994 being amended so as to allow rebate by way of notification also, with effect from date of enforcement of Finance Bill, 2016.		
8	Explanation 2 in section 65B(44) of the Finance Act, 1994 being amended so as to clarify that any activity carried out by a lottery distributor or selling agent are liable to service tax, with effect from date of enforcement of Finance Bill, 2016.		

9	Being clarified that service provided by the Indian Railways to Container Train Operators (CTOs) of haulage of their container train is a service of 'Transport of Goods by Rail'.	14%	4.2%
10	Services provided by the Indian Institutes of Management (IIM) by way of 2 year full time Post Graduate Programme in Management (PGPM), Integrated Programme in Management and Fellowship Programme in Management (FPM) being exempted, with effect from 01.03.2016.	14%	Nil
11	Cenvat Credit Rules, 2004 being amended so as to provide for reversal of Cenvat Credit of inputs/input services which have been commonly used in providing taxable output service and an activity which is not a 'service', with effect from 01.04.2016.		
12	Notification No. 27/2012 – C.E. (N.T.) being amended so as to provide that time limit for filing application for refund of Cenvat Credit, in case of export of services, is 1 year from the specified date, with effect from 01.03.2016.		
13	Assignment by the Government of the right to use the radio-frequency spectrum and its subsequent transfers being declared as a service so as to make it clear that assignment of right to use the spectrum is a service leviable to service tax and not sale of intangible goods, with effect from date of enforcement of Finance Bill, 2016.	14%	14%
14	A condition mandating inclusion of cost of fuel in the consideration for the services of renting of motor-cab services for availing abatement from service tax, being introduced with effect from 01.04.2016.		

15	Service tax on the services of Information Technology software on media bearing RSP, being exempted, provided appropriate Central Excise duty is paid, with effect from 01.03.2016.	Nil	Nil
16	Mutual exclusiveness of levy of excise duty and service tax on information technology software [in respect of Software recorded on media “NOT FOR RETAIL SALE”] being ensured by exempting from excise duty only that portion of the transaction value on which service tax is paid, with effect from 01.03.2016.	14%	14%
<b>IX</b>	<b>Rationalization/anti avoidance</b>	<b>Existing</b>	<b>Proposed</b>
1	The abatement rate at 70% in respect of services by way of construction of residential complex etc. being rationalized, with effect from 01.04.2016.	3.5%/4.2%	4.2%
2	Concessional CVD on Gold dore bar being increased and concessional excise duty on refined gold bars manufactured from such gold dore or gold ore/concentrate, silver dore bar and copper ore or concentrate being increased. Excise duty exemption under the existing area based exemptions on refined gold being prospectively withdrawn.  Concessional CVD on silver dore bar and excise duty on refined silver being increased.	CVD 8% Excise Duty 9%	CVD 8.75% Excise Duty 9.5%
		CVD 7% Excise Duty 8%	CVD 7.75% Excise Duty 8.5%
3	Actual user condition for the imports of Phosphoric Acid and Anhydrous Ammonia at concessional BCD/CVD for manufacture of Fertilizers being prescribed.		

4	Actual user condition on imports of LCD/LED/OLED Panels at Nil BCD for manufacture of LCD/LED/OLED TVs being prescribed.		
5	Excise duty payable per machine per month on chewing tobacco without lime tube / lime pouches and jarda scented tobacco being aligned by providing the same speed slabs for both the products.		
6	Abatement rate being rationalized at 70% in respect of services by a tour operator subject to certain conditions, with effect from 01.04.2016.	3.5%/ 5.6% of amount charged	4.2% of amount charged
7	The rate of service tax on the services of a foreman to a chit fund being rationalized with an abatement of 30%, without input tax credit, with effect from 01.04.2016.	14% of amount	9.8% of amount
8	Cenvat credit rules being amended so as to allow credit of service tax paid on upfront charges for assignment of natural resources by Government to a business entity, over such period of time as the period for which the rights have been assigned. This comes into effect from 01.04.2016.		
9	Exemption limit on services provided by a performing artist in certain folk or classical art forms of music, dance or theatre, being enhanced to Rs.1.5 lakh per event, with effect from 01.04.2016.	14%	Nil
<b>X</b>	<b>Additional Resource Mobilization</b>	<b>Existing</b>	<b>Proposed</b>
1	BCD on Cashew nuts in shell being increased.	Nil	5%
2	Excise duty on waters including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored being increased.	18%	21%



3	Excise duty on Aviation Turbine Fuel [ATF], other than for supply to Scheduled Commuter Airlines (SCA) from the Regional Connectivity Scheme Airports, being increased. ATF for supply to aircraft under the Regional Connectivity Scheme will continue to attract 8% excise duty.	8%	14%
4	<p>Infrastructure Cess being levied on motor vehicles, of heading 8703, as under:</p> <ul style="list-style-type: none"> <li>• Petrol/LPG/CNG driven motor vehicles of length not exceeding 4m and engine capacity not exceeding 1200cc;</li> <li>• Diesel driven motor vehicles of length not exceeding 4m and engine capacity not exceeding 1500cc;</li> <li>• Other higher engine capacity and SUVs and bigger sedans.</li> </ul> <p>Three wheeled vehicles, Electrically operated vehicles, Hybrid vehicles, Hydrogen vehicles based on fuel cell technology, Motor vehicles which after clearance have been registered for use solely as taxi, Cars for physically handicapped persons and Motor vehicles cleared as ambulances or registered for use solely as ambulance will be exempt from this Cess. No credit of this cess will be allowed, and credit of no other duty can be allowed to pay this Cess.</p>	- - -	1% 2.5% 4%

<b>XI</b>	<b>Miscellaneous</b>	<b>Existing</b>	<b>Proposed</b>
	<b>Tobacco and Tobacco Products</b>		
1	Excise duty on Cigar and cheroots being increased	12.5% or Rs. 3375 per thousand, whichever is higher	12.5% or Rs. 3755 per thousand, whichever is higher
2	Excise duty on Cigarillos being increased	12.5% or Rs. 3375 per thousand, whichever is higher	12.5% or Rs. 3755 per thousand, whichever is higher
3	Excise duty on Cigarettes of tobacco substitutes being increased	Rs. 3375 per thousand	Rs. 3755 per thousand
4	Excise duty on Cigarillos of tobacco substitutes being increased	12.5% or Rs. 3375 per thousand, whichever is higher	12.5% or Rs. 3755 per thousand, whichever is higher

5	Excise duty on other forms of tobacco substitutes being increased	12.5% or Rs. 3375 per thousand, whichever is higher	12.5% or Rs. 3755 per thousand, whichever is higher
6	Excise duty on Gutkha, chewing tobacco (including filter khaini) and jarda scented tobacco being increased	70%	81%
7	Excise duty on Unmanufactured tobacco being increased	55%	64%
8	Tariff rate of excise duty on paper rolled biris [whether handmade or machine made] and other biris [other than handmade biris] being increased.  The effective rates, will, however, remain unchanged.	<b>Tariff rate</b> Rs. 30 per thousand. <b>Effective rate</b> Rs. 21 per thousand	<b>Tariff rate</b> Rs. 80 per thousand <b>Effective rate</b> Rs. 21 per thousand
<b>9</b>	<b>Additional Duty of Excise on cigarettes being increased</b>	<b>Rs. Per thousand</b>	<b>Rs. Per thousand</b>
(i)	Non filter not exceeding 65 mm.	70	215
(ii)	Non-filter exceeding 65 mm but not exceeding 70 mm.	110	370
(iii)	Filter not exceeding 65 mm.	70	215
(iv)	Filter exceeding 65 mm but not exceeding 70 mm.	70	260
(v)	Filter exceeding 70 mm but not exceeding 75 mm.	110	370
(vi)	Other	180	560

<b>10</b>	<b>Other products</b>		
(i)	A number of assistive devices, rehabilitation aids and other goods for disabled persons attract Nil BCD. This exemption being extended to Braille paper.	BCD -10%	BCD - Nil
(ii)	Disposable sterilized dialyzer and micro barrier of artificial kidney being exempted from Basic Customs Duty, excise duty / CVD and SAD	Applicable BCD, excise / CVD, SAD	Nil BCD Nil excise/ CVD Nil SAD
<b>XII</b>	<b>OTHER LEGISLATIVE AMENDMENTS</b>		
	<b>THE CUSTOMS ACT, 1962</b>		
	Warehousing provisions are being simplified so as to move from physical control to record based control in most of cases. Several other consequential changes are also being made.		
	Section 25 of the Customs Act, 1962 being amended 80 also omit the requirement of publishing and offering for sale on the date of its issue, by the Directorate of Publicity and Public Relations of CBEC, of notification issued for publication in the official gazette.		
	Sections 28, 47, 51 and 156 of the Customs Act, 1962 being amended so as provide for deferred payment of customs duties to certain class of importers and exporters and to increase the limitation period from one year to two year in cases not involving fraud, suppression of facts, willful mis-statement, etc.		
	New section 58A being inserted to provide for a new class of warehouses which require continued physical control and will be licensed for storing revenue sensitive goods. New section 58B being inserted so as to regulate the process of cancellation of licences which is a necessary concomitant of licensing.		

	Section 65 being amended to delete the payment of fees to Customs for supervision of manufacturing facilities under Bond; and empower Principal Commissioner or Commissioner of Customs to licence such facilities.
	<b>THE CUSTOMS TARIFF ACT, 1975</b>
	The First Schedule to the Customs Tariff Act, 1975 being amended so as to include editorial changes in the Harmonized System of Nomenclature (HSN) in certain chapters to be effective from 01.01.2017.
	<p>The First Schedule to the Customs Tariff Act, 1975 being amended so as to:</p> <ul style="list-style-type: none"> <li>• Prescribe separate tariff lines for laboratory created or laboratory grown or manmade or cultured or synthetic diamonds;</li> <li>• Substitute Tariff line 5801 39 10 with description “Warp pile fabrics, uncut” in place of tariff line 5801 37 11 [with description Warp pile fabrics ‘epingle’ uncut velvet] and 5801 37 19 [with description Warp pile fabrics ‘epingle’ uncut other];</li> <li>• Delete Tariff line 8525 50 50, relating to Wireless microphone;</li> <li>• To amend supplementary notes (e) and (f) of Chapter 27 so as to change the reference: from IS:1460:2000 to IS:1460:2005 for high speed diesel (HSD) and from IS:1460 to IS:15770:2008 for light diesel oil (LDO)</li> </ul>
	<b>THE CENTRAL EXCISE ACT, 1944</b>
	Section 5A being amended, so as to omit the requirement of publishing and offering for sale on the date of issue, by the Directorate of Publicity and Public Relations of CBEC, of notifications issued for publication in the Official Gazette.
	Section 11A of the Central Excise Act, 1944 being amended so as to increase the limitation period from one to two years in cases not involving fraud, suppression, etc.

	Section 37B of the Central Excise Act, 1944 being amended so as to empower the Board for implementation of any other provision of the said Act in addition to the power to issue orders, instructions and directions.
	The Third Schedule to the Central Excise Act, 1944 being amended so as to include therein: <ul style="list-style-type: none"> <li>• All goods falling under heading 3401 and 3402;</li> <li>• Aluminium foils of a thickness not exceeding 0.2 mm;</li> <li>• Wrist wearable devices (commonly known as ‘smart watches’); and</li> <li>• Accessories of motor vehicle and certain other specified goods.</li> </ul>
	<b>THE CENTRAL EXCISE TARIFF ACT, 1985</b>
	The First and Second Schedules to the Central Excise Tariff Act, 1985 being amended so as to include editorial changes in the Harmonized System of Nomenclature (HSN) in certain chapters to be effective from 01.01.2017.
	The First Schedule to the Central Excise Tariff Act, 1985 being amended so as: <ul style="list-style-type: none"> <li>• To prescribe separate tariff lines for laboratory created or laboratory grown or manmade or cultured or synthetic diamonds;</li> <li>• To substitute Tariff line 5801 39 10 with description “Warp pile fabrics, uncut” in place of tariff line 5801 37 11 [with description Warp pile fabrics ‘epingle’ uncut velvet] and 5801 37 19 [with description Warp pile fabrics ‘epingle’ uncut other];</li> <li>• To delete Tariff line 8525 50 50, relating to Wireless microphone;</li> <li>• To amend supplementary notes (e) and (f) of Chapter 27 so as to change the reference from IS:1460:2000 to IS:1460:2005 for high speed diesel (HSD) and from IS:1460 to IS: 15770:2008 for light diesel oil (LDO).</li> </ul>

	<b>THE FINANCE ACT, 1994 [SERVICE TAX]</b>
	Section 73, being amended so as to increase the limitation period from 18 months to 30 months for short levy/non levy/short payment/non-payment/erroneous refund of service tax, with effect from date of enforcement of Finance Bill, 2016.
	<b>THE CENTRAL SALES ACT, 1956</b>
	Section 3 of the Central Sales Tax Act, 1956 being amended so as to insert an explanation:  <b>Explanation</b> - Where the gas sold or purchased and transported through a common carrier pipeline or any other common transport distribution systems becomes co-mingled and fungible with other gas in the pipeline or system and such gas is introduced into the pipeline or system in one State and is taken out from the pipeline in another State, such sale or purchase of gas shall be deemed to be a movement of goods from one state to another.
	<b>RULES &amp; NOTIFICATIONS UNDER THE CUSTOMS ACT, 1962</b>
	Existing Baggage Rules, 1998 being substituted with Baggage Rules, 2016 so as to simplify and rationalize multiple slabs of duty free allowance available to various categories of passengers.
	Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996 being simplified.
	<b>REGULATIONS MADE UNDER THE CUSTOMS ACT, 1962</b>
	The Customs Baggage Declaration Regulations, 2013 being amended to provide that baggage declaration will have to be filed only by passengers who carry dutiable or prohibited goods.

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