

RJA

Budget 2016-17

**Budget 2016-17**  
**-Analysis of**  
**Changes in**  
**Indirect Taxation**



**The Table below summarises the changes in Customs, Central Excise and Service Tax rate structures and law and procedure.**

<b>S. N.</b>	<b>Changes</b>	<b>Existing</b>	<b>Proposed</b>
<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advocates providing legal service; and (ii) a person represented on an arbitral tribunal to an arbitral tribunal, being withdrawn and service tax being levied under forward charge, with effect from 01.04.2016.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 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.	Nil	5.6%
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 Development Authority (PFRDA) being exempted, with effect from 01.04.2016.	3.5%	Nil
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.	7.5%	10%
	Out of which:	7.5%	7.5%
	(i) The effective rate of BCD on goods falling under 115 specified tariff lines in being maintained at 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.	4500 PMT	20% ad valorem
(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 electrolysers, 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,	Nil	10%



	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 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/adaptor, 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%[witho ut 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 scrap 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.	₹200 per tonne	Nil
(vii)	Excise duty on improved cookstoves 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 ₹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 `12 crore, along with simplified compliance procedure.	Nil	1% (without ITC) or 12.5% (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 1st 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 `50 crore in a year being abolished.		
2	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.  For assesses with taxable value during preceding year/years covered by the notice is less than ` 60 Lakh, the rate of interest on delayed payment of service tax will be 12%. This will come into effect from date of enforcement of Finance Bill, 2016.	Customs 18% Excise 18%  Service tax 18% 24% 30%	Customs Excise Service tax 15%. 24% in case of tax collected but not deposited
3	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.		
4	Nil Basic Customs Duty and Nil CVD on imports of goods required for exploration & 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.		
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 returns. The annual return will also have to be filed by service tax assessees, 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 Budget, 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.	`10,000	`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.	` 200 PMT	` 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 31.03.201 6	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: a) aluminium foils of a thickness not exceeding 0.2 mm [with abatement of 25%]; b) wrist wearable devices (commonly known as 'smart watches') [with abatement of 35%]; and c) accessories of motor vehicle and certain other specified goods [with abatement of 30%].		
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: a) construction provided to the Government, a local authority or a governmental authority, in respect of construction of govt. schools, hospitals etc. b) construction of ports, airports.	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 7% Excise duty 8%	CVD 8.75% Excise duty 9.5% 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	Infrastructure Cess being levied on motor vehicles, of heading 8703, as under: a) Petrol/LPG/CNG driven motor vehicles of length not exceeding 4m and engine capacity not exceeding 1200cc; b) Diesel driven motor vehicles of length not exceeding 4m and engine capacity not exceeding 1500cc;	- -	1% 2.5%
	c) Other higher engine capacity and SUVs and bigger sedans. 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.	-	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 `3375 per thousand, whichever is higher	12.5% or `3755 per thousand, whichever is higher

2	Excise duty on Cigarillos being increased	12.5% or `3375 per thousand, whichever is higher	12.5% or `3755 per thousand, whichever is higher
3	Excise duty on Cigarettes of tobacco substitutes being increased	`3375 per thousand	`3755 per thousand
4	Excise duty on Cigarillos of tobacco substitutes being increased	12.5% or `3375 per thousand, whichever is higher	12.5% or `3755 per thousand, whichever is higher
5	Excise duty on other forms of tobacco substitutes being increased	12.5% or `3375 per thousand, whichever is higher	12.5% or `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.	Tariff rate `30 per thousand. Effective rate `21 per thousand	Tariff rate `80 per thousand Effective rate `21 per thousand
9	Additional Duty of Excise on cigarettes being increased	` Per thousand	` Per thousand
(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, wilful 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 licencing.
	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.
	The First Schedule to the Customs Tariff Act, 1975 being amended so as to: <ul style="list-style-type: none"> <li>a) prescribe separate tariff lines for laboratory created or laboratory grown or manmade or cultured or synthetic diamonds;</li> <li>b) 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>c) delete Tariff line 8525 50 50, relating to Wireless microphone;</li> <li>d) 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>1) All goods falling under heading 3401 and 3402;</li> <li>2) Aluminium foils of a thickness not exceeding 0.2 mm;</li> <li>3) Wrist wearable devices (commonly known as ‘smart watches’); and</li> <li>4) 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>a) to prescribe separate tariff lines for laboratory created or laboratory grown or manmade or cultured or synthetic diamonds;</li> <li>b) 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</li> </ul>

<p>Warp pile fabrics ‘epingle’ uncut other];  c) to delete Tariff line 8525 50 50, relating to Wireless microphone;  d) 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).</p>
<p><b>THE FINANCE ACT, 1994 [SERVICE TAX]</b></p>
<p>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.</p>
<p><b>THE CENTRAL SALES ACT, 1956</b></p>
<p>Section 3 of the Central Sales Tax Act, 1956 being amended so as to insert an explanation:   Explanation.- 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.</p>
<p><b>RULES &amp; NOTIFICATIONS UNDER THE CUSTOMS ACT, 1962</b></p>
<p>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.</p>
<p>Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996 being simplified.</p>
<p><b>REGULATIONS MADE UNDER THE CUSTOMS ACT, 1962</b></p>
<p>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.</p>

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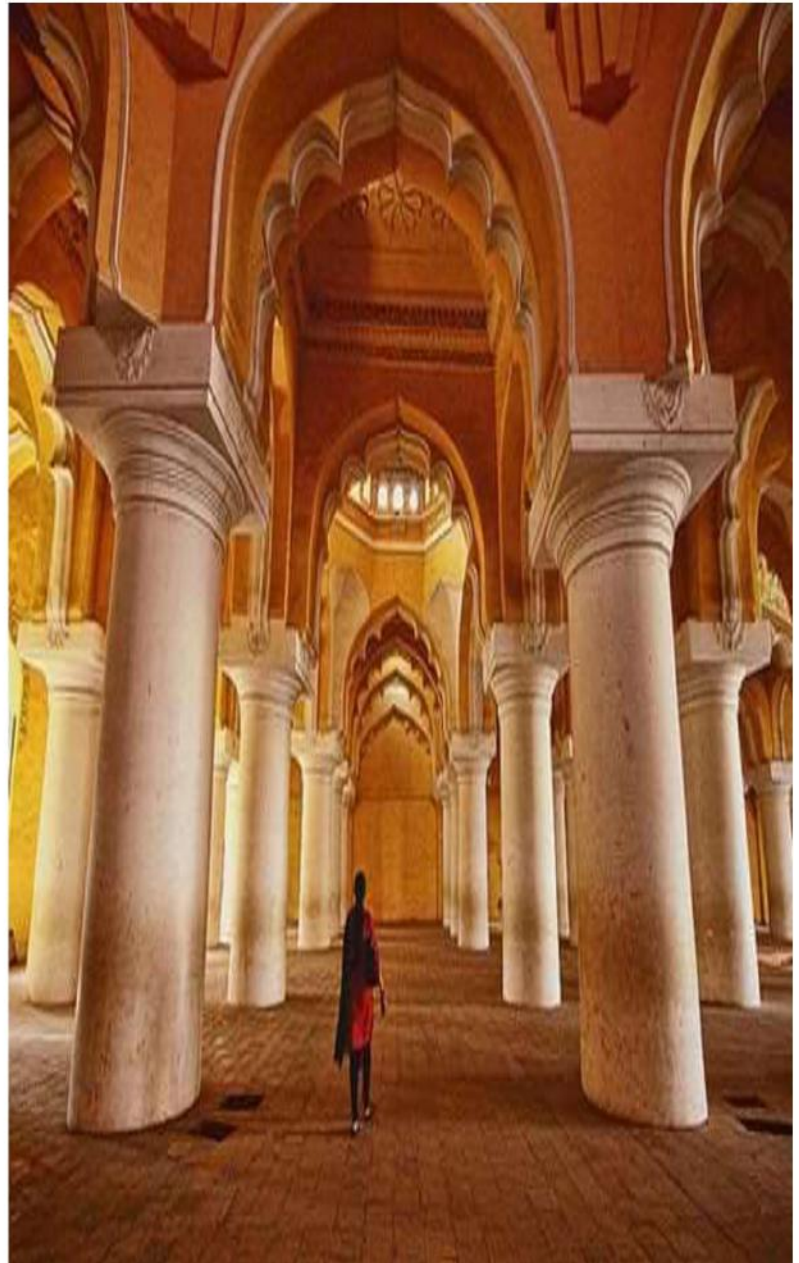
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