Service Tax:

- No change in Standard Rate of Service Tax i.e. 12%.
- Two new Services added to the Negative List which are as follows:-

  - Vocational Course Offered by state- affiliated institutes.

  - Film Industry for Copy Rights.
- Word '**SEED**' has been omitted from **'SEED TESTING'** as a result, testing activities related to agricultural produce covered by negative list.
- One time voluntary compliance scheme for service tax defaulters due from 2007 to be introduced wherein interest and penalties to be waived.
- In Case of **'Construction of Complex building or civil structure or a part thereof'** homes of flats with a carpet area of less than 2000 sq.ft. or value less than Rs. 1 Crore enjoy 75% abatement.
- All Commercial and other residential complexes (other than above) will be eligible for 70% abatement. (w.e.f. 01/03/2013)
- Penalty on Directors/Manager/Secretary/ Officer-In-Charge in case of violation of Service Tax Laws – upto Rs. 1 Lakhs.
- Some of the Exemptions granted earlier are withdrawn:

  - Services provided by an educational institution by way of renting of immovable property.

  - Services by way of vehicle parking to general public.

  - Services Provided to Govt./ local authority /Govt. authority by way of repair or maintenance of aircraft.
- Outside Foods becomes costlier – All A.C. Restaurants are subjected to Service Tax. (Condition regarding License to Serve Liquor is omitted.)
- **'DANDA RAAJ'** is back. Service Tax Officer will now have power to arrest.

Excise Duty:

- No change in standard rate of Excise Duty i.e. **12%.**
- Section 35D amended – enchanced monetary limit of Single Bench of Tribunal to hear and dispose of appeals from **Rs. 10 Lakhs** to **Rs. 50 Lakhs.**
- Excise Duty on SUV's is to be increased from **27%** to **30%.**
- SUV's registered solely for use of Taxis exempted from Excise Duty.
- **4%** Excise Duty on Silver Manufactured from Zinc / Lead smelting.
- Compounded Levy on stainless steel **'Patta Patti'** increased from **Rs.30,000/-** per machine p.m. to **Rs.40,000/-** per machine p.m.
- Full exemption on Ships & other vessels. Consequently there will be no CVD(Countervalling Duty) on these Ships & Vessels when imported.
- Excise Duty on mobile phones of Retail Sale Price Exceeding Rs.2,000/- increased from **1%** to **6%.**
- Specific Excise Duty on Cigarettes and Cigars raised by **18%.**
- Excise duty on marble tiles and slabs is being increased from **Rs 30 per sq. mtr** to **Rs 60 per sq. mtr.**

Custom Duty:

- No change in basic custom duty i.e. **10%.**
- Duty Free Limit on Gold raised to **Rs.50,000** in case of Male and **Rs.1,00,000** in case of female.
- Export Duty levied on **Bauxite @ 10%**
- Import Duty reduced from **10%** to **2%** on pre-forms of Precious and Semi-Precious Stones.
- Import Duty reduced from **7.5%** to **5%** on Specified Machinery for use in Leather and Footwear Industry.
- Import Duty reduced from **7.5%** to **5%** on Textile Machinery & Parts.
- Import Duty on Set Top Boxes for TV is being increased from 5% to 10%.
- Import Duty raised from **75%** to **100%** on Luxury Vehicles.
- No countervailing duty on ships and vessels.

Income Tax:

- No review of Income Tax Slabs for this year.
- Propose tax credit of Rs.2,000 for incomes upto Rs. 5 Lakhs.
- Minimum Tax Exemption from Rs. 2 Lakhs to Rs. 2.2 Lakhs.
- Surcharge of **10%** on Persons (other than Companies) whose taxable income **exceeds Rs. 1 Crore**
- Increase in Surcharge from **5% to 10%** on Domestic Companies whose taxable income **exceeds Rs. 10 Crores.**
- Increase in Surcharge from **2% to 5%** on Foreign Companies whose taxable income **exceeds Rs. 10 Crores.**
- In all other cases such as Dividend Distribution Tax or Tax on Distributed Income Current Surcharge Increased from 5% to 10%.
- Additional Surcharge to be in force for only one year.
- Investment Allowance @ **15%** to manufacturing Companies that invest more than Rs. 100 Crores in Plant & Machinery during the period 01.04.2013 to 31.03.2015.
- TDS @ 1% on the Value of transfer of immovable properties where consideration exceeds Rs. 50 Lakhs. However agricultural land is exempted.
- 20% final withholding tax on profits distributed by unlisted companies to shareholders through buyback of shares.
- Increase in tax Rate on payments by way of Royalty and Fees for Technical Services to Non-Residents from 10% to 25%.
- Reduction in rate of STT to 0.01%
- Commodities Transaction Tax (CTT) levied on Non-Agriculture Commodities futures contracts @ **0.01%.** However CTT paid shall be allowed as deduction u/s 36 if income arising from such transactions is included in PGBP .
- 1st Home Buyers who take a loan not exceeding Rs. 25 Lakhs and the value of residential house does not exceed Rs. 40 Lakhs to be provided an additional deduction of interest of Rs. 1 Lakh u/s 80EE.

Income Tax: (contd…)

- RGESS extended for 3 Consecutive Years and income limit augmented to Rs. 12 Lakhs from Rs. 10 Lakhs. MF also made as an eligible investment.
- Fifth Large tax payer unit to open at Kolkata.
- New Section 43CA introduced, where the consideration for the transfer of a asset (other than capital asset) including land, building or both is less than Stamp Duty Value then the value so adopted or assessed or assessable by Stamp Authority shall be deemed to be the full value of the consideration for the purpose of computing income under PGBP. **(w.e.f. A.Y. 2014-15 onwards)**
- Also where the Date of Agreement fixing the value of consideration for transfer of asset and date of registration is not same then the stamp duty value on the date of agreement shall be taken instead of date of registration. However this exception shall apply only if the transfer is made by any mode other than by cash. **(w.e.f. A.Y. 2014-15 onwards)**

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