

UNION BUDGET 2015: KEY CHANGES IN INDIRECT TAXES

Amidst huge expectations, the Hon'ble Finance Minister Shri. Arun Jaitley presented the first full-year Budget of the Hon'ble Prime Minister Shri. Narendra Modi's Government on February 28, 2015, Saturday in the backdrop of easing inflation and interest rates but continued growth challenges which the Government needs to address.

While considering Goods and Service Tax ("GST") as a 'game changing reform', Shri Arun Jaitley said that 'GST will put in place a state-of-the-art indirect tax system by 1st April, 2016'.

We are sharing with you the key highlights of the Union Budget 2015 in the arena of Indirect Taxes:

CHANGES UNDER SERVICE TAX

A. **Hike in Service tax rates (From date to be notified):**

- Service tax rate has been increased from 12.36% (including Education Cess and Secondary and Higher Education Cess) to flat 14%. The 'Education Cess' and 'Secondary and Higher Education Cess' shall be subsumed in the new Service tax rate. The revised rate shall come into effect from a date to be notified.
- An enabling provision is being made to empower the Central Government to impose a Swachh Bharat Cess on all or certain taxable services at a rate of 2% on the value of such taxable services. The proceeds from this Cess would be utilized for Swachh Bharat initiatives. This Cess will be effective only from a date to be notified;

B. **Changes In Chapter V Of The Finance Act, 1994 (Will Come Into Force When the Finance Bill, 2015 is enacted):-**

I. **Changes in relation to the Negative List – Section 66D of the Finance Act, 1994:-**

- **Section 66D(a):** Presently, services provided by Government or a local authority, excluding certain services specified under Section 66D(a) of the Finance Act, 1994 are covered under the Negative List. Further, by virtue of clause (iv), Service tax applies on the 'support services' provided by the Government or local authority to a business entity under Reverse Charge.

Under clause (iv) of Section 66D(a) of the Finance Act, 1994, the words 'support services' has been proposed to be substituted by the words 'any service' to exclude all

services provided by the Government or local authority to a business entity from the Negative List by amending Section 66D(a)(iv) of the Finance Act, 1994.

In other words, after such amendment, all services provided by the Government or local authority to a business entity would be exigible to Service tax, except for the services that are specifically exempted, or covered by any another entry in the Negative List.

- **Section 66D(f):** Section 66D(f) of the Finance Act, 1994 has been proposed to be substituted to exclude any service by way of carrying out any processes for production or manufacture of alcoholic liquor for human consumption under the Service tax net. In other words, Service tax shall be levied on contract manufacturing/ job work for production of alcoholic liquor for a consideration.

At present, Section 66D(f) of the Finance Act, 1994 covers service by way of any process amounting to manufacture or production of all the goods.

- **Section 66D(i):** Explanation inserted whereby the expression “betting, gambling or lottery shall not include the activity as specified in substituted explanation 2 to Clause (44) of Section 65B.
- **Section 66D(j):** Proposed to be Omitted. At present, it covers ‘admission to entertainment event or access to amusement facility’.

Consequently, Service tax to be levied on the services provided by way of access to amusement facility such as rides, bowling alleys, amusement arcades, water parks, theme parks, etc;

Service tax to be levied on services by way of admission to entertainment event of concerts, non-recognized sporting events, pageants, music concerts and award functions, if the amount charged for admission is more than Rs. 500.

Whereas Services by way of admission to exhibition of the cinematographic film, circus, dance, or theatrical performances including drama, ballets or recognized sporting events shall continue to be exempt; [Read with the Notification No. 6/2015-ST dated 01-03-2015 vide which changes has been made in the Mega Exemption List of Services).

II. Other Important Changes in the Finance Act, 1994:-

1. Changes in Advance Ruling Under Section 96A(b)(iii) of the Finance Act, 1994 Vide Notification No. 9/2015-ST dated 01-03-2015:-

- The facility of Advance Ruling has been extended to all resident firms by specifying such firms as a class of persons for the purposed of Section 96A (b)(iii).

2. Other Changes:

- **Changes in Section 65B of the Finance Act, 1994:**

- Definition of the terms 'amusement facilities' [Section 65B(9)], 'entertainment event' [Section 65B(24)] and 'support services' [Section 65B(49)] have been omitted;
- Definition of following terms have been inserted:
 - a) 'foreman of chit fund' – Section 65B(23A);
 - b) 'Government' – Section 65B(26);
 - c) 'lottery distributor or selling agent' – Section 65B(31A);
- In the definition of 'process amounting to manufacture or production of goods', the words, 'alcoholic liquors for human consumption' has been omitted;
- Explanation 2 to Section 65B(44) of the Finance Act, defining the term 'Service' is amended to specifically state the intention of the legislature to levy Service tax on activities undertaken by Chit fund foremen in relation to Chit, and lottery distributors and selling agents, in relation to lotteries.

- **Changes in Section 66B of the Finance Act, 1994:**

Section 66B is amended to substitute the rate of Service tax from 12% to 14%. The 'Education Cess' and 'Secondary and Higher Education Cess' shall be subsumed in the new Service tax rate. The revised rate shall come into effect from a date to be notified.

- **Changes in Section 66F of the Finance Act, 1994:-**

Section 66F(1) prescribes that unless otherwise specified, reference to a service shall not include reference to any input service used for providing such services. An illustration has been incorporated in the stated Section to exemplify the scope of this provision.

- **Changes in Section 67 of the Finance Act, 1994:-**

Explanation (a) to Section 67 is amended to specifically include the following in the definition of the term 'Consideration':

- a) any reimbursable expenditure or cost incurred and charged by the service provider;
 - b) any amount retained by the lottery distributor or selling agent of lottery from gross sale amount of lottery ticket, or, as the case may be, the discount received, that is the difference in the face value of lottery ticket and the price at which the distributor or selling agent gets such tickets.
- **Changes in Section 73 of the Finance Act, 1994:-**

Section 73 has been amended to insert a new sub-section (1B) to provide that the Service tax amount self-assessed and declared in the return but not paid (either in part or full) shall be recovered under Section 87 thereof, without service of any notice under Section 73(1).

Further, Section 73(4A) providing for reduced penalty if true and complete details of transaction are available on specified records has been omitted.
 - **Changes in Section 76 of the Finance Act, 1994:-**

Section 76 has been amended to rationalize the provisions relating to penalties in cases not involving fraud or collusion or wilful misstatement or suppression of facts or contravention of any provision of the Act or rules with the intent to evade payment of Service tax, in the following manner:

 - a) Ceiling of 10% of Service tax amount on penalty has been incorporated;
 - b) No penalty leviable if Service tax and interest is paid within 30 days of issuance of SCN under Section 73(1);
 - c) Reduced penalty equal to 25% leviable if the Service tax, interest and reduced penalty is paid within 30 days of receipt of Order of the Central Excise Officer; and
 - d) If the Service tax amount gets reduced in any Appellate proceeding, then the penalty amount shall also stand modified accordingly, and benefit of reduced penalty (i.e. 25%) shall be admissible if Service tax, interest and reduced penalty is paid within 30 days of such Appellate Order.
 - **Changes in Section 78 of the Finance Act, 1994:-**

Section 78 has been amended to rationalize the provisions relating to penalties in cases involving fraud or collusion or wilful misstatement or suppression of facts or

contravention of any provision of the Act or rules with the intent to evade payment of Service tax, in the following manner:

- a) Penalty shall be of 100% of Service tax amount;
- b) Reduced penalty equal to 15% shall be leviable if Service tax, interest and reduced penalty is paid within 30 days of issuance of SCN under Section 73(1);
- c) Reduced penalty equal to 25% leviable if the Service tax, interest and reduced penalty is paid within 30 days of receipt of Order of the Central Excise Officer; and
- d) If the Service tax amount gets reduced in any Appellate proceeding, then the penalty amount shall also stand modified accordingly, and benefit of reduced penalty (i.e. 25%) shall be admissible if Service tax, interest and reduced penalty is paid within 30 days of such Appellate Order.

- **New Section 78B inserted after Section 78A of the Finance Act, 1994:-**

A new Section 78B has been inserted to prescribe transition provision in the following manner:

- a) Amended provisions of Sections 76 and 78 shall apply to cases where either no notice is served, or notice is served under Section 73(1) or proviso thereto but no Order has been issued under Section 73(2), before the date of enactment of the Finance Bill, 2015; and
- b) in respect of cases covered by Section 73(4A), if no notice is served, or notice is served under Section 73(1) or proviso thereto but no Order has been issued under Section 73(2), before the date of enactment of the Finance Bill, 2015, penalty shall not exceed 50% of the Service tax amount.

- **Section 80 of the Finance Act, 1994** that provides for waiver of penalty in certain circumstances has been **omitted**.

- **Changes in Section 86 of the Finance Act, 1994:-**

Section 86 has been amended to prescribe that remedy against the Order passed by the Ld. Commissioner (Appeals), in a matter involving rebate of Service tax on Input services, duty paid on Inputs, used in providing service which is exported, shall lie in terms of Section 35EE of the Central Excise Act, 1944 (i.e. Revision by the Central Government).

It is also provided that all appeals filed before the Hon'ble Tribunal after the date the Finance Act, 2012 came into effect and pending on the date when the Finance Bill, 2015 receives assent of the President shall be transferred and dealt in accordance with Section 35EE of the Central Excise Act, 1944.

- **Changes in Section 94 of the Finance Act, 1994:-**

Clause (aa) of Section 94(2) has been substituted with *"determination of the amount and value of taxable service, the manner thereof, and the circumstances and conditions under which an amount shall not be a consideration, under Section 67"*.

C. Changes in the Mega Exemption List of Services Vide Notification No. 6/2015-ST dated 01-03-2015 amending Notification No. 25/2012-ST dated 20-6-2012 (Effective From 01-04-2015 Unless Otherwise Stated):

- **Entry 2:** Scope has been enlarged - All ambulance services provided to patients are exempted. Hitherto, any service provided by way of transportation of a patient to and from a clinical establishment by a clinical establishment was exempt from Service tax.
- **Entry 12:** Exemption presently available on Services provided to the Government, a Local authority or a Governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of, shall be restricted only to:
 - a) a historical monument, archaeological site or remains of national importance, archeological excavation or antiquity;
 - b) canal, dam or other irrigation work;
 - c) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal

Whereas earlier Exemption as granted under this Entry is withdrawn for following:

- a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;
- a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment;

- a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the Explanation 1 to clause 44 of section 65 B of the said Act;
- **Entry 14:** Exemption to Services by way of construction, erection, commissioning, or installation of original works pertaining to an airport or port stands withdrawn.
- **Entry 16:** Exemption to Services provided by a performing artist in folk or classical art form of (i) music, or (ii) dance, or (iii) theatre, has been restricted only to such cases where amount charged is not exceeding Rs. 1,00,000/- for a performance (except brand ambassador).
- **Entry 20:** Exemption under Entry 20(i) Substituted, transportation of food stuff by rail or vessels from one place in India to another will be limited to milk, salt and food grains including flours, pulses and rice. [Earlier Entry 20(i): foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages].
- **Entry 21:** Exemption under Entry 21(d) substituted, for Services provided by a goods transport agency, by way of transport in a goods carriage of, milk, salt and food grain including flours, pulses and rice. [Earlier Entry 21(d): foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages]
- **Entry 26A:** Life insurance service provided by way of Varishtha Pension Bima Yojna is made exempted along with the following exempted at present:
 - a) Janashree Bima Yojana,
 - b) Aam Aadmi Bima Yojana and
 - c) Life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of fifty thousand rupees.
- **Entry 29:** Exemptions have been withdrawn on the following services of:
 - Mutual fund agent to a mutual fund or asset management company;
 - Distributor to a mutual fund or asset management company;
 - Selling or marketing agent of lottery tickets to a distributor or a selling agent;

Service tax on the above stated services shall be levied under Reverse Charge Mechanism.

- **Entry 30:** Service tax would be levied on services by way of carrying out of intermediate production process of alcoholic liquor for human consumption on job work, consequent to imposition of Service tax on services by way of manufacture of alcoholic liquor for human consumption.
- **Entry 32:** Omitted. Accordingly, exemption stands withdrawn on the following services:
 - a) Departmentally run public telephone;
 - b) Guaranteed public telephone operating only local calls;
 - c) Free telephone at airport and hospital where no bill is issued.
- **New Entries inserted:** After Entry 42, following new Entries have been inserted:
 - a) **Entry 43:** Services by operator of Common Effluent Treatment Plant by way of treatment of effluent;
 - b) **Entry 44:** Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables;
 - c) **Entry 45:** Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo;
 - d) **Entry 46:** Service provided by way of exhibition of movie by an exhibitor to the distributor or an association of persons consisting of the exhibitor as one of its members;
 - e) **Entry 47:** Services by way of right to admission to:
 - i. exhibition of cinematographic film, circus, dance, or theatrical performances including drama or ballet;
 - ii. recognized sporting events;
 - iii. award function, concerts, pageants, award functions, musical performances or any sporting events other than recognized sporting event, where the consideration for such admission is upto Rs. 500 per person

[Will be exempted effective from the date the amendments being made in the Negative List concerning the service by way of admission to entertainment events come into effect]

- New definition provided for certain terms in paragraph 2 relating definition of –
 - a) ‘(xaa) “national park’ has the meaning assigned to it in the clause (21) of the section 2 of The Wild Life (Protection) Act, 1972 (53 of 1972);’;
 - b) (zab) “recognised sporting event” means any sporting event,-
 - (i) organised by a recognised sports body where the participating team or individual represent any district, state, zone or country;
 - (ii) covered under entry 11.’;
 - c) For the clause (zi), the following clauses shall be substituted, namely:-
 - ‘(zi) “tiger reserve” has the meaning assigned to it in clause (e) of section 38K of the Wild Life (Protection) Act, 1972 (53 of 1972);
 - (zj) “trade union” has the meaning assigned to it in clause (h) of section 2 of the Trade Unions Act, 1926 (16 of 1926);
 - (zk) “wildlife sanctuary” means sanctuary as defined in the clause (26) of the section 2 of The Wild Life (Protection) Act, 1972 (53 of 1972);
 - (zl) “zoo” has the meaning assigned to it in the clause (39) of the section 2 of the Wild Life (Protection) Act, 1972 (53 of 1972).’.

D. Changes in Service Tax Rules, 1994 Vide Notification No. 5/2015-ST dated 01-03-2015 (Effective From 01-03-2015 Unless Otherwise Stated):-

➤ **Under Rule 2 of the Service Tax Rules, 1994:**

- In respect of any service provided under aggregator model, the aggregator, or any of his representative office located in India, is being made liable to pay Service Tax if the service is so provided using the brand name of the aggregator in any manner. If an aggregator does not have any presence, including that by way of a representative, in such a case any agent appointed by the aggregator shall pay the tax on behalf of the aggregator. In this regard appropriate amendments under the Notification No. 30/2012-

ST dated 20.6.2012 This change comes into effect immediately i.e., w.e.f. 1st March, 2015.

Further, definition of the terms 'aggregator' and 'brand name or trade name' has been specifically defined in Rule 2 of the Service Tax Rules, 1994;

- The term 'support' has been omitted from the Clause (E) providing for liability of service receiver to pay Service tax under Reverse Charge in relation to support services provided or agreed to be provided by Government or Local authority;
- Services provided by mutual fund agents, mutual fund distributors to a mutual fund or asset management company and agents of lottery tickets to a lottery distributor or selling agent has also been included in Rule 2(1)(d) making mutual fund/ asset management company and lottery distributor/ selling agent liable for payment of Service tax under Reverse Charge vide the Notification No. 30/2012-ST dated 20.6.2012.

➤ **Under Rule 4 of the Service Tax Rules, 1994:**

- Rule 4 Service Tax Rules, 1994 has been amended to provide that the CBEC shall, by way of an order, specify the conditions, safeguards and procedure for registration in service tax.

In this regard Order No. 1/15-ST dated February 28, 2015, effective from March 1, 2015 has been issued, prescribing documentation, time limits and procedure for registration for single premises. It has also been prescribed that henceforth registration for single premises shall be granted within 2 days of filing of application;

➤ **New Rule 4C has been inserted after Rule 4B of the Service Tax Rules, 1994 – Corresponding changes made in Rule 5 thereof:**

- Provision for issuing digitally signed invoices, bill or challan has been added along with the option of maintaining of records in electronic form and their authentication by means of digital signatures.

It is further provided that the conditions and procedure in this regard shall be specified by the CBEC.

➤ **Under Rule 6 of the Service Tax Rules, 1994:**

- Rule 6(6A) of the Service Tax Rules has been omitted which provided for recovery of Service tax self-assessed and declared in the return in the manner prescribed under Section 87 of the Finance Act, 1994.

The same has been done consequent to the amendment brought in Section 73 of the Finance Act, 1994 enabling such recovery. This change will come into effect from the date of enactment of the Finance Bill, 2015.

- Consequent to the upward revision in Service tax rate, the composition rate is proposed to be revised proportionately under Rule 6(7), 6(7A), 6(7B) and 6(7C) of the Service Tax Rules, 1994 on specified services, namely,
 - **Air Travel Agent:** From “0.6%” and “1.2 %”, to “0.7 per cent.” and “1.4 per cent of Basic fares in the case of domestic bookings and international bookings respectively.
 - **Life insurance service:** From “3%” and “1.5%”, to “3.5%” of the premium charged from policy holder in the first year and “1.75% in the subsequent year”.
 - **Money changing service provided by banks or authorized dealers:** and
 - **Service provided by lottery distributor and selling agent**

The stated amendments shall come into effect as and when the revised Service tax rate comes into effect.

E. Changes in Reverse Charge Mechanism Vide Notification No. 7/2015-ST dated March 1, 2015 amending Notification No. 30/2012-ST Dated 20-6-2012 (Effective From 01-04-2015 Unless Otherwise Stated):-

- Services provided by,-
 - a) Mutual fund agents, mutual fund distributors to a mutual fund or asset management company; and
 - b) Selling or marketing agents of lottery tickets to a lottery distributor or selling agent
 are being brought under the Full Reverse Charge consequent to withdrawal of the exemption on such services vide Notification No. 6/2015-ST dated 01-03-2015 (supra)
- Manpower supply and Security services provided by an individual, HUF, partnership firm or association of persons to a business entity registered as body corporate have been

brought under Full Reverse Charge as against Partial Reverse Charge mechanism applicable at present.

- In respect of any service provided under aggregator model, the aggregator, or any of his representative office located in India have been made liable to Service Tax under Full Reverse Charge if the service is so provided using the brand name of the aggregator in any manner.
- Under sub clause (iv) in Item C, the term 'support' has been omitted for services provided or agreed to be provided by Government or Local authority from a date to be notified by the Central Government.

F. Changes In Abatement Notification No. 26/2012-ST Dated 20-6-2012 Vide Notification No. 8/2015-ST Dated 01-03-2015 (Effective From 01-04-2015):-

- A uniform abatement of 70% has been prescribed for transport by rail, road and vessel to bring parity in these sectors. Service tax shall be payable on 30% of the value of such service subject to a uniform condition of non-availment of Cenvat credit on Inputs, Capital goods and Input services.

Presently, Service tax is payable on 30% (in case of rail transport)/ 25% (in case of road transport)/ 40% (in case of transport by vessels). Further, there is no condition for availment of Cenvat credit on Inputs, Capital goods and Input services in case of transport by rail, which is now withdrawn.

- The abatement for classes other than economy class (i.e. business/ first class) has been reduced from 60% to 40%. Accordingly, Service tax would be payable on 60% of the value of such higher classes.

At present, Service tax is payable on 40% of the value of transport of passenger by air for economy as well as higher classes (i.e. business/ first class)

- Abatement for the services provided in relation to Chit fund stands withdrawn. Consequently, Service tax shall be paid by on full consideration received by the Chit fund foremen.

G. Notification No. 42/2012-ST dated. 29.6.2012 rescinded vide Notification No. 3/2015-ST dated. March 1, 2015:

- Definition of 'Intermediary' has been amended vide the Place of Provision of Services Rules, 2012 ("The POP Rules") Vide Notification No. 14/2014-ST Dated 11-7-2014

(Effective from October 1, 2014) to include intermediary of goods in its scope at par with Intermediary for services. Accordingly, an intermediary of goods, such as a commission agent or consignment agent shall be covered under Rule 9(c) of the POP Rules instead of Rule 3 of the POP Rules. Existing exemption, vide Notification No. 42/2012-ST dated 29.6.2012, to the service provided by a commission agent located outside India to an exporter located in India is being rescinded with immediate effect. This exemption has become redundant in view of the above amendments made in the previous budget, in the definition of “intermediary” in the POP Rules, making the place of provision of a service provided by such agents as outside the taxable territory.

H. Exemption widened on Service provided by road for transport of export goods by road from the place of removal to a land customs station (LCS) vide Notification No. 4/2015-ST dated. March 1,2015 (Effective From April 1, 2015):

- Goods transport agency service provided for transport of export goods by road from the place of removal to an inland container depot, a container freight station, a port or airport is exempt from Service Tax vide notification No. 31/2012-ST dated 20.6.2012. Scope of this exemption is being widened to exempt such services when provided for transport of export goods by road from the place of removal to a land customs station (LCS).

I. Amendment in Cenvat Credit Rules, 2004 (“the Cenvat Credit Rules”) vide Notification No. 6/2015-Central Excise (N.T) dated 1-3-2015:

- **Changes in Rule 4 of the Cenvat Credit Rules:**
 - Cenvat credit of inputs can be taken immediately where the inputs are directly sent to the job workers premises in pursuance of the direction of the manufacturer or output service provider.
 - Cenvat credit on capital goods can be taken immediately where the capital goods are directly sent to the job workers premises in pursuance of the direction of the manufacturer or output service provider
 - Cenvat credit shall now be taken within one year of the issue of any documents specified in Rule 9(1) of the Cenvat Credit Rules, whereas, earlier, it was 6 months’.
- **Changes in Rule 5 of the Cenvat Credit Rules:**

“Exports goods” now be defined in Rule 5, which means any goods which are to be taken out of India to a place outside India.

- **Changes in Rule 6 of the Cenvat Credit Rules:**

Explanation-1 and Explanation-2 inserted in sub-rule 1: For the purpose of this Rule, Non excisable goods covered within the definition of the exempted goods or final products as defined in clauses (d) and (h) of Rule 2 of the Cenvat Credit Rules.

- **Changes in Rule 14 of the Cenvat Credit Rules:**

Recovery of CENVAT credit wrongly taken or erroneously refunded: –

(1) (i) Instances where the CENVAT credit has been availed wrongly but not utilised, the same shall be recovered from the manufacturer or the provider of output service in terms of the provision of the Section 11A of the Excise Act or Section 73 of the Finance Act, 1994, as the case may be, shall apply mutatis mutandis for effecting such recoveries;

(ii) instances where the CENVAT credit has been availed and utilised wrongly or has been erroneously refunded, the same shall be recovered along with interest from the manufacturer or the provider of output service in terms of the provisions of Sections 11A and Section 11AA of the Excise Act or Sections 73 and 75 of the Finance Act, 1994, as the case may be, shall apply mutatis mutandis for effecting such recoveries.

(2) For the purposes of sub-rule (1), all credits taken during a month shall be deemed to have been taken on the last day of the month and the utilisation thereof shall be deemed to have occurred in the following manner, namely: -

(i) the opening balance of the month has been utilised first;

(ii) credit admissible in terms of these rules taken during the month has been utilised next;

(iii) credit inadmissible in terms of these rules taken during the month has been utilised thereafter

- **Changes in Rule 15 of the Cenvat Credit Rules:**

In the said Rule 15, with effect from the date on which the Finance Bill, 2015 receives the assent of the President, Penalty provisions are changed appropriately as the case may be in terms of Section 11 AC of the Excise Act or Section 78 of the Finance Act.

CHANGES IN CENTRAL EXCISE AND CUSTOMS

UNION BUDGET 2015: CHANGES IN EXCISE AND CUSTOMS:

Changes in the Customs and the Central Excise law and rates of duty have been proposed through the Finance Bill, 2015 (Clauses 80 to 89, 163, 164 for Customs and Clauses 90 to 104, 163, 164, 184 and 188 for Central Excise). In order to prescribe effective rates of duty and to carry out changes in the Rules made under the respective Acts, the following notifications are being issued:

CUSTOMS	Notification Nos.	Date
Tariff	No.6/2015-Customs to No.11/2015-Customs	1 st March, 2015
Non-Tariff	No.27/2015-Customs (NT)	1st March, 2015
CENTRAL EXCISE		
Tariff	No.5/2015-CE to No.17/2015-CE	1st March, 2015
Non-Tariff	No.3/2015-CE (NT) to No.11/2015-CE (NT)	1st March, 2015
CLEAN ENERGY CESS		
	No.1/2015-Clean Energy Cess	1st March, 2015
M&TP ACT		
	No.1/2015-M&TP	1st March, 2015

Unless otherwise stated, all changes in rates of duty take effect from the midnight of 28th February / 1st March, 2015. A declaration has been made under the Provisional Collection of Taxes Act, 1931 in respect of clauses 89, 90, 103, 104, 163, 164 and 188 of the Finance Bill, 2015 so that changes proposed therein take effect from the midnight of 28th February/ 1st March, 2015. The remaining legislative changes would come into effect only upon the enactment of the Finance Bill, 2015. Retrospective amendment in the notification issued under the Central Excise Act shall have the force of law only upon the enactment of the Finance Bill, 2015 but with effect from the date indicated in the relevant clause or Schedule.

➤ Change in Excise Duty Rate:

- **Exemption of Education Cess and Secondary & Higher Education Cess (SHE) on all Excisable Goods:** Education Cess levied on all excisable goods as a duty of excise under Section 91 read with Section 93 of the Finance Act, 2004 is being fully exempted. [Refer Notification No.14/2015-Central Excise dated 1st March, 2015].

Similarly, Secondary & Higher Education Cess leviable on excisable goods as a duty of excise under Section 136 read with 138 of the Finance Act, 2007 is also being fully exempted. [Refer Notification No. 15/2015-Central Excise dated 1st March, 2015].

- **Change in Ad Valorem rate of Excise Duty:** Simultaneously, the standard ad valorem rate of duty of excise (i.e. CENVAT) is being increased from 12% to 12.5%. Specific rates of Basic Excise Duty on petrol, diesel, cement, cigarettes & other tobacco products (other than biris) are also being suitably changed. In this regard, the First Schedule to the Central Excise Tariff Act, 1985 has been amended by Clause 104 of the Finance Bill, 2015. These changes will come into force with immediate effect owing to a declaration under the Provisional Collection of Taxes Act, 1931. [Refer Sl.Nos.42, 43, 45, 50, 51, 52, 53, 90, 107, 205A, 244, 273, 278, 279, 281, 285, 286, 287, 288 and 289 of Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended by Notification No.12/2015-Central Excise dated 1st March, 2015].

Other Basic Excise Duty rates (ad valorem as well as specific) with a few exceptions are not being changed.

- **Notification exempting Education Cess and SHE on CVD rescinded:** Notifications No. 13/2012-Customs and No. 14/2012-Customs both dated 17th March, 2012 exempt Education Cess and Secondary & Higher Education Cess leviable as CVD on imported goods got rescinded since Education Cess and SHE leviable on excisable goods are being exempted in general, there will be no corresponding levy as CVD on imported goods. [Refer Notification No.9/2015-Customs dated 1st March, 2015].
- **Impact of Exemption of Education Cess and SHE on Certain Goods produced by EHTP/STPU:** Sl. No.1A and 1B of Notification No.23/2003-Central Excise, dated 31.03.2003 exempts the Customs component of Education Cess and Secondary & Higher Education Cess. Since Education Cess and Secondary & Higher Education Cess leviable on excisable goods are being fully exempted, there will be no levy of these Cesses either on CVD while calculating the aggregate of the duties of customs or on excise duty leviable under the proviso to section 3 of the Central Excise Act, 1944. Therefore, the entries Sl.No.1A and 1B are being omitted. Also, the entries at Sl.No. 5A, 6 and 7A are

being amended so as to substitute the rate of 12% with 12.5%. [Refer Notification No.16/2015-Central Excise dated 1st March, 2015].

- **Notification exempting Education Cess and SHE on Clean Energy Cess rescinded:** Notifications No.28/2010-Central Excise and No.29/2010-Central Excise, both dated 22nd June, 2010 exempt the levy of Education Cess and Secondary & Higher Education Cess on the clean energy cess leviable on coal. Since Education Cess and Secondary & Higher Education Cess are being exempted on excisable goods in general, Notifications No. 28/2010-Central Excise and No.29/2010-Central Excise, both dated 22nd June, 2010 are being rescinded. [Refer Notification No.17/2015-Central Excise dated 1st March, 2015].
- **Rate of Excise Duty increased for goods covered by the Medicinal and Toilet Preparations Act, 1955 is being increased from 12% to 12.5% ad valorem.** [Refer Notification No.1/2015-M&TP dated 1st March, 2015].
- **No Change in Education Cess and SHE as duty of Customs on Imported Goods:** There is no change in Education Cess leviable on imported goods under section 91 read with section 94 of the Finance Act, 2004 as a duty of customs and Secondary & Higher Education Cess leviable on imported goods under section 136 read with 139 of the Finance Act, 2007 as a duty of customs. These Cesses shall continue to be levied on imported goods.

➤ **Excise Duty structure on certain goods is being restructured as follows:**

- Wafers for use in the manufacture of integrated circuit (IC) modules for smart cards from 12% to 6%;
- Inputs for use in the manufacture of LED drivers and MCPCB for LED lights, fixtures and LED lamps from 12% to 6%;
- Mobiles handsets, including cellular phones from 1% without Cenvat credit or 6% with Cenvat credit to 1% without Cenvat credit or 12.5% with Cenvat credit. NCCD of 1% on mobile handsets including cellular phones remains unchanged;
- Tablet computers from 12% to 2% without Cenvat credit or 12.5% with Cenvat credit;
- Specified raw materials [battery, titanium, palladium wire, eutectic wire, silicone resins and rubbers, solder paste, reed switch, diodes, transistors, capacitors, controllers, coils (steel), tubing (silicone)] for use in the manufacture of pacemakers to Nil;

- Pig iron SG grade and Ferro-silicon-magnesium for use in the manufacture of cast components of wind operated electricity generators to Nil, subject to certification by MNRE;
- Solar water heater and system from 12% to Nil without Cenvat credit or 12.5% with Cenvat credit;
- Round copper wire and tin alloys for use in the manufacture of Solar PV ribbon for manufacture of solar PV cells to Nil subject to certification by Department of Electronics and Information Technology (DeitY).

➤ **Changes in valuation of the goods for the purposes of levy of Excise Duty:**

- All goods falling under Chapter sub-heading 2101 20, including iced tea has been notified under Section 4A of the Central Excise Act, 1944 ("the Excise Act") for the purpose of assessment of Central Excise Duty with reference to the Retail Sale Price with an abatement of 30%. Such goods are also being included in the Third Schedule to the Excise Act;
- Goods, such as lemonade and other beverages, have also been notified under Section 4A of the Excise Act for the purpose of assessment of Central Excise duty with reference to the Retail Sale Price with an abatement of 35%. Such goods are also being included in the Third Schedule to the Excise Tariff Act.

➤ **Broadening the Tax Base:**

- Excise Duty of 2% without Cenvat credit or 6% with Cenvat credit has been levied on condensed milk put up in unit containers. It has also been notified under Section 4A of the Excise Act for the purpose of valuation with reference to the Retail Sale Price with an abatement of 30%;
- Excise Duty of 2% without Cenvat credit or 6% with Cenvat credit has been levied on peanut butter.

➤ **Relief measures under the Central Excise:**

- Full exemption from Excise Duty is being extended to captively consumed intermediate compound coming into existence during the manufacture of Agarbattis. Agarbattis attract Nil Excise Duty.

➤ **Miscellaneous Changes in rate of Excise Duty for specified products:**

- Excise Duty on leather footwear (footwear with uppers made of leather of heading 4107 or 4112 to 4114) of Retail Sale Price of more than Rs. 1000 per pair from 12% to 6%;
- Excise Duty levied on the value of duty paid on rails for manufacture of railway or tramway track construction material is being exempted retrospectively for the period from March 17, 2012 to February 2, 2014, if no Cenvat credit of duty paid on such rails is availed;
- Excise Duty on cigarettes has been increased by 25% for cigarettes of length not exceeding 65 mm and by 15% for cigarettes of other lengths. Similar increases are proposed on cigars, cheroots and cigarillos;
- Maximum speed of packing machine is being specified as a factor relevant to production for determining Excise Duty payable under the Compounded Levy Scheme presently applicable to pan masala, gutkha and chewing tobacco. Accordingly, deemed production and duty payable per machine per month has been notified with reference to the speed range in which the maximum speed of a packing machine falls;
- The entry “waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured” in the Seventh Schedule to the Finance Act, 2005 related to levy of Additional Duty of Excise @ 5% is being omitted. Till the enactment of the Finance Bill, 2015, the said additional Duty of Excise of 5% leviable on such goods is being exempted. Simultaneously, the Basic Excise Duty on these goods has been increased from 12% to 18%;
- Excise duty on chassis for ambulances has been reduced from 24% to 12.5%;
- Sacks and bags, other than for industrial use falling under Tariff Entry 3923 2100 duty would be leviable at the rate of 15%.
- Pig iron SG grade for manufacture of cast components of wind operated electricity generators falling under Tariff Entry 72011000 duty would be leviable at Nil rate.
- Ferro-silicon-magnesium for manufacture of cast components of wind operated electricity generators falling under Tariff Entry 7202 2900 duty would be leviable at Nil rate.
- Solar water heater and system falling under Sub Heading 841919 duty would be leviable at the rate Nil rate.

- Parts for use in the manufacture of solar water heater and system falling under 8419 or any other Chapter duty would be leviable at the rate Nil rate.

➤ **Amendment in the Central Excise Act, 1944:**

- An Explanation 3 has been inserted in the Section 3A of the Central Excise Act 1944 ("the Excise Act") which enable to the Central Government to specify more than one factor relevant to the production of such goods. [Refer Notification No. 5/2015-CE-Tariff dated 1-3-2015 and Notification No. 6/2015-CE-Tariff dated 1-3-2015 issued in respect of the above amendment. These Notifications will be effective immediately.]

- Section 11A of the Excise Act amended as follows:

Section 11A is being amended so as to:

- (i) Remove from the statute the category of cases where extended period of time applies but the transactions are recorded in the specified record;
 - (ii) Amend the provision relating to relevant date to provide definition of relevant date in respect of cases where a return is not filed on the due date and where only interest is required to be recovered.
 - (iii) Provide that the provisions of section 11A shall not apply to cases where the non-payment or short payment of duty is reflected in the periodic returns filed and that in such cases recovery of duty shall be made in such manner as may be prescribed in the rules.
- Section 11AC is being substituted so as to rationalize the penalty as follows:

Particulars	Fraud Case	Other than fraud case
Duty as determined under sub-section (10) of section 11A of the Excise Act	Penalty would be leviable equal to duty so determined in the order. However in respect of period 8-4-2011 to the date of the assent to the Finance Bill 2015, penalty would be leviable 50% of the duty so determined.	Penalty would be higher of the two: - 10% of the Duty determined under Section 11A(10) of the Excise Act; or - Rs. 5000
Duty and interest	Where duty and interest	No penalty would be leviable

payable thereon under section 11AA	thereon paid within 30 days of communication of show cause notice, the amount of penalty would be leviable 15% of the duty demanded. Subject to the condition that the reduced penalty would also be paid within 30 days of communication of show cause notice	where the duty and interest paid on or before the issuance of Show Cause Notice (“the SCN”) or within 30 days of the SCN
Duty as determined under sub-section (10) of section 11A of the Excise Act and interest payable thereon under section 11AA the Excise Act paid within 30 days of the date of communication of order of the Central Excise Officer.	Penalty would be reduced to 25% of the penalty imposed in the order. Provided further that such reduced penalty is also paid within 30 days of the communication of such order.	Penalty would be reduced to 25% of the penalty imposed in the order. Provided further that such reduced penalty is also paid within 30 days of the communication of such order.
Proceedings in the pending show cause notices can be closed	On payment of duty, interest and penalty at the rate of 15% of the duty within 30 days of the enactment of the Finance Bill, 2015.	On payment of duty and interest within 30 days of the enactment of the Finance Bill, 2015.
Cases where show cause notices are adjudicated after the enactment of the Finance Bill, 2015	25% of the reduced penalty of the duty provided within 30 days of communication of the adjudication order if the duty, interest and penalty is paid within such time	25% of the penalty imposed provided within 30 days of communication of the adjudication order if the duty, interest and penalty is paid within such time

Where in the Appellate preceding the duty amount is modified by the Appellate Authority in the fraud cases then the penalty amount also modified accordingly. Subject to the condition that the additional duty, interest and penalty would also paid within 30 days of such Appellate Authority.

The Amended provisions of the Section 11AC will also govern the cases where no Show Cause Notice has been issued prior to the enactment of the Finance Bill 2015.

UNDER CUSTOMS:

➤ **Reduction in duty on certain inputs to address the problem of inverted duty structure:**

- 'Metal parts' for use in the manufacture of electrical insulators;
- Ethylene-Propylene-non-conjugated-Diene Rubber (EPDM), Water blocking tape and Mica glass tape for use in the manufacture of insulated wires and cables;
- Magnetron upto 1 KW for use in the manufacture of microwave ovens;
- C- Block for Compressor, Over Load Protector (OLP) & Positive thermal co-efficient and Crank Shaft for compressor, for use in the manufacture of Refrigerator compressors;
- Zeolite, ceria zirconia compounds and cerium compounds for use in the manufacture of washcoats, which are further used in manufacture of catalytic converters;
- Anthraquinone for manufacture of hydrogen peroxide;
- Sulphuric acid for use in the manufacture of fertilizers;
- Parts and components of Digital Still Image Video Camera capable of recording video with minimum resolution of 800x600 pixels, at minimum 23 frames per second, for at least 30 minutes in a single sequence, using the maximum storage (including the expanded) capacity.

➤ **Reduction in Basic Customs Duty to reduce the cost of raw materials:**

- Ethylene dichloride (EDC), vinyl chloride monomer (VCM) and styrene monomer (SM) from 2.5% to 2%;
- Isoprene and Liquefied butanes from 5% to 2.5%;
- Butyl acrylate from 7.5% to 5%;
- Ulexite ore from 2.5% to Nil;
- Antimony metal, antimony waste and scrap from 5% to 2.5%;

- Specified components for use in the manufacture of specified CNC lathe machines and machining centres from 7.5% to 2.5%;
- Certain specified inputs for use in the manufacture of flexible medical video endoscopes from 5% to 2.5%;
- HDPE for use in the manufacture of telecommunication grade optical fibre cables from 7.5% to Nil;
- Black Light Unit Module for use in the manufacture of LCD/LED TV panels from 10% to Nil;
- Organic LED (OLED) TV panels from 10% to Nil;
- CVD and SAD are being fully exempted on specified raw materials [battery, titanium, palladium wire, eutectic wire, silicone resins and rubbers, solder paste, reed switch, diodes, transistors, capacitors, controllers, coils (steel), tubing (silicone)] for use in the manufacture of pacemakers;
- Evacuated Tubes with three layers of solar selective coating for use in the manufacture of solar water heater and system to Nil;
- Active Energy Controller (AEC) for use in the manufacture of Renewable Power System (RPS) Inverters to 5%, subject to certification by MNRE;
- Parts, components and accessories (falling under any Chapter) for use in the manufacture of tablet computers and their sub-parts for use in manufacture of parts, components and accessories are being fully exempted from BCD, CVD and SAD.

➤ **Reduction in SAD to address the problem of Cenvat credit accumulation:**

- All goods except populated PCBs, falling under any Chapter of the Customs Tariff Act, 1975 ("the Customs Tariff Act"), for use in manufacture of ITA bound goods from 4% to Nil;
- Naphtha, ethylene dichloride (EDC), vinyl chloride monomer (VCM) and styrene monomer (SM) for manufacture of excisable goods from 4% to 2%;
- Metal scrap of iron & steel, copper, brass and aluminium from 4% to 2%;
- Inputs for use in the manufacture of LED drivers and MCPCB for LED lights, fixtures and LED lamps from 4% to Nil.

➤ **Increase in Basic Customs Duty on specified products:**

- Metallurgical coke from 2.5% to 5%;
- Tariff rate on iron & steel and articles of iron or steel, falling under Chapters 72 and 73 of the Customs Tariff, from 10% to 15%. However, there is no change in the existing effective rates of basic customs duty on these goods;
- Tariff rate on Commercial Vehicles from 10% to 40% and effective rate from 10% to 20%. However, customs duty on commercial vehicles in Completely Knocked Down (CKD) kits and electrically operated vehicles including those in CKD condition will continue to be at 10%.

➤ **Decrease in Basic Customs Duty on Specified Products:**

- Export Duty on upgraded ilmenite is being reduced from 5% to 2.5%;
- Basic Customs Duty on Digital Still Image Video Camera capable of recording video with minimum resolution of 800x600 pixels, at minimum 23 frames per second, for at least 30 minutes in a single sequence, using the maximum storage (including the expanded) capacity is being reduced to Nil. Basic Customs Duty on parts and components of these cameras is also being reduced from 5% to Nil;
- Concessional Customs Duty structure of Nil Basic Customs Duty, 6% CVD and Nil SAD on specified parts of electrically operated vehicles and hybrid vehicles, presently available upto March 31, 2015, is being extended upto March 31, 2016.

➤ **Relief measures under the Customs:**

- Exemption to artificial heart (left ventricular assist device) from Basic Customs Duty of 5% and CVD.

➤ **Advance Ruling [Notification No. 27/2015–Customs (N.T.) dated 1-03-2015]:**

The Scheme of Advance Ruling is being extended to Resident firm in Customs. Further, for this purpose the term firm, sole proprietorship and resident been specifically defined as:

(a) “firm” shall have the meaning assigned to it in Section 4 of the Indian Partnership Act, 1932 (9 of 1932) , and includes-

- (i) the limited liability partnership as defined in clause (n) of sub-section (1) of the section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009); or
 - (ii) limited liability partnership which has no company as its partner; or
 - (iii) the sole proprietorship; or
 - (iv) One Person Company.
- (b)
- (i) “sole proprietorship” means an individual who engages himself in an activity as defined in sub-clause (a) of section 28E of the Customs Act, 1962.
 - (ii) “One Person Company” means as defined in clause (62) of section 2 of the Companies Act, 2013 (18 of 2013).
- (c) “resident” shall have the meaning assigned to it in clause (42) of section 2 of the Income-tax Act, 1961 (43 of 1961) in so far as it applies to a resident firm.

➤ **Changes under the Customs Act, 1962 (“The Customs Act”) (Will Come Into Force When the Finance Bill, 2015 is enacted, unless otherwise stated)**

- **Section 28 of the Customs Act has been amended as:**

Proviso to Section 28(2) of the Customs Act has been inserted to provide that, no penalty shall be imposed and proceeding shall be deemed to be concluded, if duty along with interest is paid in full within 30 days from the date of receipt of the notice in cases not involving fraud or collusion or wilful mis-statement or suppression of facts or contravention of any provision of the Act or rules with the intent to evade payment of duty.

Further, in cases involving fraud or collusion or wilful mis-statement or suppression of facts or contravention of any provision of the Act or rules with the intent to evade payment of duty, the amount of penalty payable shall be 15% instead of 25% of the duty specified in the notice or the duty so accepted by that person.

Furthermore, Explanation 3 to Section 28 has been inserted to provide that where a notice under Section 28 (1) (a) or Section 28(4) of the Customs Act, has been served but an Order determining duty under Section 28(8) thereof has not been passed before the date on which the Finance Bill, 2015 receives the assent of the President, then, without prejudice to the provisions of Sections 135 (Evasion of duty or prohibitions), 135A

(Preparing to export any goods in contravention of the Customs Act) and 140 (Offences by companies), the proceedings in respect of such person or other persons to whom the notice is served shall be deemed to be concluded if the payment of duty, interest and penalty under the proviso to Section 28 (2) or Section 28(5) thereof is made in full within 30 days from the date on which such assent is received.

- **Section 112 (b) (ii) of the Customs Act has been amended as to provide that:**

Any person who acquires possession of or is in any way concerned with or in any other manner deals with any dutiable goods, other than prohibited goods, which he knows or has reasons to believe are liable to confiscation under Section 111 of the Customs Act, shall, subject to the provisions of Section 114A thereof, be liable to a penalty not exceeding 10% of the duty sought to be evaded or Rs. 5000, whichever is greater.

Further, in case of short levy or non-levy or short payment or non-payment and erroneous refund of duty for reasons of collusion or any willful mis-statement or suppression of facts, if the duty [under Section 28(8)] along with interest [under Section 28AA] is paid within 30 days from the date of communication of the order of the proper officer determining such duty, then such person is liable to pay 25% of the penalty so determined.

- **Section 114 (ii) of the Customs Act has been amended as to provide that:**

Any person who, in relation to any dutiable goods, other than prohibited goods, does or omits to do any act which act or omission would render such goods liable to confiscation under Section 113 of the Customs Act, or abets the doing or omission of such an act, shall, subject to the provisions of Section 114A, be liable to a penalty not exceeding 10% of the duty sought to be evaded of Rs. 5000, whichever is greater.

Further, in case of short levy or non-levy or short payment or non-payment and erroneous refund of duty for reasons of collusion or any willful mis-statement or suppression of facts, if the duty [under Section 28(8)] along with interest [under Section 28AA] is paid within 30 days from the date of communication of the order of the proper officer determining such duty, then such person is liable to pay 25% of the penalty so determined.

- **Proviso to Section 127A(b) of the Customs Act has been amended as to provide that:**

When any proceeding is referred back, whether in appeal or revision or otherwise, by any Court, Appellate Tribunal Authority or any other Authority to the Adjudicating

Authority for a fresh adjudication or decision, then such case shall not be entitled for settlement before Settlement Commission.

- **Section 127B(1A) of the Customs Act has been omitted:**

Section 127B(1A) of the Customs Act stipulates a case in which payments to be made within thirty days from June 1, June 2007 which has become redundant and is being omitted.

- **Section 127C(6) of the Customs Act has been omitted:**

Section 127C(6) of the Customs Act stipulates a case where authorities under Settlement Commission were directed not to pass an order respect of an application filed on or before the 31.05.2007, later than the 29.02.2008 and in cases filed after 31.05.2007, within 9 months. So, the provisions have become redundant and thus the aforesaid Section is being omitted.

- **Section 127E of the Customs Act has been omitted:**

Pursuant to Section 127E of the Customs Act, Settlement Commission has no powers to reopen any completed proceedings after expiry of five years from 1-06-2007. Hence, the Section 127E of the Customs Act becomes redundant and therefore is being omitted.

- **Explanation to Section 127H(1) of the Customs Act has been omitted:**

Explanation to Section 127H(1) of the Customs Act provided clarification that in case of an application filed before Settlement Commission, on or before 31-05-2007, it shall be decided as if the amendments made in the said Section were not in force. Since all the applications filed by 31-05-2007 have necessary been disposed of by 29-02-2008, the Explanation has become redundant and therefore omitted.

- **Explanation to Section 127L of the Customs Act has been amended as:**

Section 127L of the Customs Act provides the situations in which the person in whose case the order has been passed by the Settlement Commission cannot again approach the Settlement Commission. Further, Section 127L was amended in 2007, which made distinction in respect of the orders passed prior the commencement of Section 102 of the Finance Act, 2007 and after that. In respect of the cases decided after the said commencement, the applicant was barred from making subsequent applications, whereas in the cases decided prior to that he could have made the application if his case was not covered by any of the clauses of Section 127L(1). Furthermore, Section 127L

was amended vide Finance Act, 2010, even in cases decided after commencement of section 102 of the Finance Act, 2007 the applicant was allowed to approach Settlement Commission if not hit by any of the clauses to Section 127L(1). Thus, clause (i) and (ii) of Section 127L(1) are being amended so as to delete the phrase “*passed under sub-section (7) of the section 127C, as it stood immediately before the commencement of section 102 of the Finance Act, 2007 (22 of 2007) or sub-section (5) of the section 32F*” as the same have become redundant.

UNDER SWACHH BHARAT INITIATIVES:

➤ Under the Customs and the Central Excise:

- The Scheduled rate of Clean Energy Cess levied on coal, lignite and peat has been increased from Rs. 100 per tonne to Rs. 300 per tonne. The effective rate of Clean Energy Cess has been increased from Rs. 100 per tonne to Rs. 200 per tonne;
- Concessional Customs and Excise Duty rates on specified parts of Electrically Operated Vehicles and Hybrid Vehicles, presently available upto March 31, 2015, is being extended upto March 31, 2016;
- Excise Duty on sacks and bags of polymers of ethylene other than for industrial use is being increased from 12% to 15%.

UNDER COMPLIANCE FACILITATION UNDER CENTRAL EXCISE AND CUSTOMS:

- Online Central Excise/Service Tax Registration within two working days;
- Facility of direct dispatch of goods by registered dealer from seller to customer's premises is being provided. Similar facility is also being allowed in respect of job-workers. Registered importer can also send goods directly to customer from the port of importation;
- Penalty provisions in Customs, Central Excise and Service Tax has been rationalized to encourage compliance and early dispute resolution;
- Central Excise/Service Tax assesseees are being allowed to issue digitally signed invoices and maintain other records electronically.

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