# Budget – 2015 - Indirect Tax Impact

## Table of Contents



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# Budget in General relating to IDT

The Finance Minister has envisaged that the IDT collections would add about Rs.20,000 Crores to the tax kitty. It appears that the changes in central excise duty have the potential to add that amount as the iron and steel rate has been enhanced to 15%. The service tax rate of 14 % means that at least Rs.30,000 crores would be collected on proportionate basis. If the additional 2% is charged in the year then that can add the similar amount.

The collection from customs may decrease considering the effort to see that the components or inputs are at lower rate as compared to the finished products in line with Make in India. FM has lost a golden chance when conditions were conducive to bring in accountability and build reforms in the tax administration. The fact that both DT + IDT are drafted ONLY by the tax officers means that other suggestions of professional bodies or industry associations would be thrown into the dustbin or be consigned to committees whose recommendations would not see the light of the day. [ Dr. Kelkar – more recently TARC report by Dr. P Shome]

It is however very surprising that the trade an industry has not made any noise on the expectations not being met, though there were many TV channels doling out the wish list. Maybe representations in this regard need to be made. Article on this aspect we would share in Hiregange Academy Budget Newsletter, which would provide some analytical articles.

# Service Tax – Budget 2015

1. **Change in Service Tax Rate**

   Service tax rate has been proposed to increase from 12% to 14 %. 2 % Education cess and 1% Secondary and Higher Education Cess is proposed to be subsumed in the proposed 14%. Additional revenue on this account could be near to Rs.20,000 crores for 15-16..

   **Effective date would be the date as notified after the enactment**

2. **Swachh Bharat Cess**

   An additional Cess of 2% has been imposed as service tax on the value of the service, which needs to be paid to consolidated fund of India.

**Effective date would be the date as notified after the enactment**

*Comment: The cess is generally calculated on Tax. However the amendment proposed levies the cess on value of service, therefore if the same would be implemented the total rate of service tax would be 16%. FM has kept the option of levying this even on selected services and with such date as may be required.*

**3. Service provided by Government to Business Entity has been bought into tax net**

The support service provided by the Government to a business entity has been enhanced to include any service provided by the Government. It is important to note that the business entity receiving such service would be person liable to pay service tax under reverse charge. In this context "Government" has been defined vide proposed section 65 B (26A) and the definition of the "support service" vide clause (49) section 65B has been omitted.

**Effective date would be from the date to be notified after the enactment**

*Comment: All other services provided by Govt. to other than Business Entity would be continued to the out of the service tax (except for few exceptions)*

**4. Manufacture or production of alcoholic liquor for human consumption bought into tax net**

Clause (f) of the 66 D has been amended to exclude the "services provided by way of any processes which is amounting to manufacture of alcoholic liquor for human consumption". Accordingly the definition of the word "process amounting to manufacture" has been amended. Consequently Notification 25/2012-ST dated 20.06.2012 is also amended to remove the exemption of carrying out an intermediate production process as job work in relation to alcoholic liquor for human consumption.

**Effective date would be from the date to be notified after the enactment**

***Comment:*** *Alcoholic liquor for human consumption is a state subject covered under Entry 84 of List II of the Schedule VII of the Constitution and hence this amendment encroaches into the State Subject without the authority, which in the opinion of the paper writers can be challenged.*

**5. Lottery distributor or selling agent and foreman of chit fund**

Service in relation to promotion, marketing, organizing, selling of lottery or facilitating in organizing lottery of any kind by a lottery distributor or selling agent is propose to tax by replacing the Explanation 2 to section 65 B (44) of the Finance Act, 1994. Consequently there is an amendment proposed in valuation provision section 67 to include amount retained by the distributor or selling agent of lottery from gross sale amount of lottery ticket. (Margin) or discount received in the definition of 'consideration'. Further the responsibility to pay service tax has been imposed the recipient of the service, vide amendment to Service Tax Rules, 1994 and Notification 30/2012-ST dated 20.06.2012.

The expressions "lottery distributor or selling agent" has been inserted vide 65 B (31A). As per the interpretation given "lottery distributor or selling agent" means any person appointed or authorized by the respective state governments as per the provisions of Lotteries Regulations Act, 1998

**Effective date would be from the date to be notified after the enactment**

**6. Foreman of chit fund**

Service by a foreman of chit fund for conducting or organizing a chit in any manner is propose to tax by replacing the Explanation 2 to section 65B (44) of the Finance Act, 1994. Consequently Notification 26/2012-ST dated 20.06.2012, which provided has been deleted, which provided abatement for the chit fund.

**Effective date would be from the date to be notified after the enactment**

*Comment: This amendment has been proposed to overcome the decision on Hon'ble Delhi High Court in the case of Delhi Chit Fund Association Case. Earlier the entire chit fund installments were intended to be taxed, however now the taxability is restricted to Foreman of chit fund.*

**7. Taxability of Amusement facilities and entertainment events**

The negative list Entry vide section 66 D (J) providing "Admission to entertainment events or access to amusement facilities" has been proposed to be deleted, making this activity taxable.

Consequently Section 25/2012-ST dated 20.06.2012 has been amended to provide exemption for the following

a. Admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo
b. Admission to Exhibition of cinematographic film, circus, dance, or theatrical, performance including drama or ballet
c. Admission to any sporting event organised by a recognised sports body where the participating team or individual represent any district, state, zone or country
d. Admission to any sporting event organized
    a. by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state or zone;
    b. by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;
    c. by Central Civil Services Cultural and Sports Board;
    d. as part of national games, by Indian Olympic Association; or
    e. under Panchayat Yuva Kreeda Aur Khel Abhiyaan (PYKKA) Scheme
e. Admission to award function, concert, pageant, musical performance or any sporting event other than a sporting event covered under (b) & (c) where the consideration for admission is not more than Rs.500 per person

**Effective date would be from the date to be notified after the enactment**

***Comment:*** *Entertainment events or access to amusement facilities is a state subject covered under Entry 62 of List II of the Schedule VII of the Constitution and hence this amendment encroaches into the State Subject without the authority, which in the opinion of the paper writers can be challenged.*

**8. Amendment to principles of interpretation**

An illustration has been added after Section 66F sub-section (1) to illustrate that agency service provided a Bank to RBI is a input service for the service provided by RBI and hence the Bank cannot claim the said exemption.

**Effective date would be from the date to be notified after the enactment**

***Comment:*** *This is an example that to state that the reference to main service does not include the reference to sub-service used for providing the main service.*

**9. Widen the term consideration for levy of service tax**

Explanation inserted in Section 67 clause (a) (ii) the term consideration, includes the value of re-imbursement of expenses claimed in the provision of output service.

**Effective date would be from the date to be notified after the enactment**

***Comment:*** *This amendment is proposed to overcome the decision of Hon'ble Delhi High Court in case of M/s. Intercontinental Consultants.*

**10. Recovery of service tax without service of notice**

A new sub-section (1B) has been proposed after section 73 (1A) to provide that recovery of the service tax amount self-assessed and declared in the return but not paid shall be recovered as per the modes illustrated under section 87, without service of any notice under sub-section (1) of section 73.

**Effective date would be from the date to be notified after the enactment**

**11. Withdrawal of Concessional Penalty for entry in specified books**

Sub-section (4A), which provides for reduced penalty if true and complete details of transaction were available on specified records, in the cases of fraud, collusion, willful misstatement, suppression of facts or contravention of any of the provisions of this Act is proposed to be omitted.

**Effective date would be from the date to be notified after the enactment**

**12. Changes to penalty provisions**

Section 76 is being amended to rationalize penalty for non-payment/short payment or erroneously refund (Where there is no involvement of fraud or collusion or willful mis-statement or suppression of facts or contravention of any provision of the Act or rules with the intent to evade payment of service tax) the penal provision in the following manner,-

(i) Penalty not to exceed ten per cent of service tax amount involved in such cases;

(ii) No penalty is to be paid if service tax and interest is paid within 30 days of issuance of notice under section 73(1);

(iii) A reduced penalty equal to 25% of the penalty imposed by the Central Excise officer by way of an order is to be paid if the service tax, interest and reduced penalty is paid within 30 days of such order; and

(iv) If the service tax amount gets reduced in any appellate proceeding, then penalty amount shall also stand modified accordingly, and benefit of reduced penalty (25%) shall be admissible if service tax, interest and reduced penalty is paid within 30 days of such appellate order.

Section 78 is also amended to rationalize penalty for non-payment/short payment or erroneously refund, (where there is involvement of 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 service tax) in the following manner,-

(i) Penalty shall be hundred per cent of service tax amount involved in such cases;

(ii) Penalty equal to 15% (earlier it was 25%) of the service tax amount is to be paid if service tax, interest and reduced penalty is paid within 30 days of service of notice in this regard;

(iii) A reduced penalty equal to 25% of the service tax amount determined by the Central Excise Officer, by an order, is to be paid if the service tax, interest and reduced penalty is paid within 30 days of such order; and

(iv) If the service tax amount gets reduced in any appellate proceeding, then penalty amount shall also stand modified accordingly, and benefit of reduced penalty (25%) shall be admissible if service tax, interest and reduced penalty is paid within 30 days of such appellate order.

| **Section** | **Involving Suppression** | **Penalty – Normal** | **If paid within 30 days from SCN** | **If paid within 30days from OIO** |
|---|---|---|---|---|
| 76 | No | 10% | Nil | 25% of Penalty |

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| | | | | |
|---|---|---|---|---|
| 78 | Yes | 100% | 15% | 25% of ST |

**Effective date would be from the date to be notified after the enactment**

***Comment:*** *This amendment to some extent rationalizes the penalty provision, the benefit of the penalty in cases where the transactions was recorded in the books of accounts has been removed.*

**13. Transitional provision for sections 76 and 78**

A new section 78B is being proposed for fixing the effective date for the new penal provision as under

a. For the cases, where No SCN is service upto the enactment of Finance Bill 2015
b. For the cases where SCN has been service but the order is not passed as on the date of enactment Finance Bill 2015
c. For the cases covered under the benefit of the provision of section 73(4A) (this provides for the concessional penalty in case there transaction on which service tax was not paid, was recorded in the specified accounts) upto to enactment would be eligible for penalty at 50% of the service tax even after the enactment.

**Effective date would be from the date to be notified after the enactment**

**14. Section empowering for waiver of penalty has been withdrawn**

As per the new amendments, Section 80 proposed to be deleted. This section gave discretion to waive penalties in case of reasonable cause.

**Effective date would be from the date to be notified after the enactment**

***Comment:*** *This deletion makes the penalties mandatory further the discretion power has been removed, which would help trade.*

**15. Rejection of rebates appeal jurisdiction changed to Central Government.**

Appeal for the rejection of the rebate of the input service claimed was before the CESTAT, however with this proposed amendment, that matters involving rebate of service tax shall be dealt with Central Government in terms of Section 35EE of the Central Excise Act. The cases filed before the CESTAT for the between 2012 and this enactment would be transferred from CESTAT to Revision Authority.

**Effective date would be from the date to be notified after the enactment**

**16. Extended the scope of power to make rules by the Central Government**

Clause (aa) of section 94 sub-section (2) has been amended to empower the central government to make rules with respect to 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.

**Effective date would be from the date to be notified after the enactment**

**17. Changes in Reverse Charge Mechanism**

3 new services are brought under the reverse charge, which are as under:

a. Services provided or agreed to be provided by a mutual fund agent or distributor, to a mutual fund or asset management company, where in mutual fund or asset management company is liable for payment of service tax to the extent of 100%

b. Services provided or agreed to be provided by a selling or marketing agent of lottery tickets to a lottery distributor or selling agent are bought, wherein the Organizer is liable for service tax

c. Service provided or agreed to be provided by a person involving an aggregator in any manner the recipient of the service is liable to pay service tax. Aggregator means a person, who owns and manages a web based software application, and by means of such application enables a potential customer to connect with service provider under the brand name or trade name of the aggregator. This may cover the marketing/ advertising intermediaries assisting the intelligent location of potential customers for the product/ service.

In case of the existing supply of manpower and security agency services now the recipient has to pay the full 100% tax, which was 75% earlier.

**Effective date would be from 01.04.2015**

**18. Withdrawal of Exemption**

Existing exemption, vide notification No. 42/12-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.

***Comments:*** *This exemption has become redundant in view of the amendments made in law in the previous budget, in the definition of "intermediary" in the Place of Provision of Services Rules, 2012 making the place of provision of a service provided by such agents as outside the taxable territory.*

**19. Enhancement of GTA Exemption with respect to exports**

Goods transport agency service provided to an exporter in relation to transport of export goods by road was exempted in case where such goods are transported from the place of removal to an inland container depot, a container freight station, a port or airport. Now the scope of this exemption is widened to transport of such goods from place of removal even to the Land Customs Station is exempted.

**Date Effective From: April 1, 2015**

**20. Simplification in Registration process**

Registration process for Service Tax has been simplified and amended in this regard Order No. 1/15-ST, dated 28.2.2015, effective from 1.3.2015 has been issued, prescribing documentation, time limits and procedure for registration. Following are the key instructions specified in the said order:

- Requirement of PAN No. is mandatory for registration;
- Registration for single premises shall be granted within two days of filing the application.
- Applicant shall quote the email address and mobile number. Further, existing registrants who have not submitted this information are required to file an amendment application by 30-4-2015.
- Documentation required to be submitted along with registration certificate has also been specified.

**Effective Date: March 1, 2015**

**21. Invoice can now be authenticated digitally, records can be preserved in electronic form**

Any invoice, bill, challan or a consignment note issued under this act can now be authenticated by way of digital signatures. Further, option is given to preserve records as specified under these rules in electronic form and every page of the record so preserved shall be authenticated by means of a digital signature. The conditions and procedure in this regard shall be specified by the CBEC.

**Effective Date: March 1, 2015**

**22. Revision of taxable value/rate for certain services due to change in the rate of Service Tax**

In respect of certain services like money changing service, service provided by air travel agent, insurance service and service provided by lottery distributor and selling agent, the service provider has been allowed to pay service tax at an alternative rate subject to the conditions as prescribed under the Service Tax Rules, 1994. Consequent to the upward revision in Service Tax rate, the said alternative rates has been revised proportionately as tabulated below:

**Air Travel Agent:**

| In the case of | Current Rate | New Rate |
|---|---|---|
| Domestic bookings of passage for travel by air | **0.6%** of the basic fare | **0.7%** of the basic fare |
| International bookings of passage for travel by Air | **1.2%** of the basic fare | **1.4%** of the basic fare |

**Effective Date:** As and when the revised Service Tax rate comes into effect.

**Insurer Carrying on Life Insurance Business:**

| Period | Current Rate | New Rate |
|---|---|---|
| First year | **3%** of the gross amount of premium charged | **3.5%** of the gross amount of premium charged |

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| | | |
|---|---|---|
| Subsequent Year | **1.5%** of the gross amount of premium charged | **1.75%** of the gross amount of premium charged |

**Effective Date:** As and when the revised Service Tax rate comes into effect.

**Sale/purchase of foreign currency including money changing**

| For an amount | Current Rate | New Rate |
|---|---|---|
| Upto Rs.100,000 | **0.12%** of the gross amount of currency exchanged<br>or<br>**Rs.30** whichever is higher | **0.14%** of the gross amount of currency exchanged<br>or<br>**Rs.35** whichever is higher |
| Exceeding Rs.1,00,000 and upto Rs.10,00,000 | **Rs.120 + 0.06%** of the (gross amount of currency Exchanged - Rs.1,00,000) | **Rs.140 + 0.07%** of the (gross amount of currency Exchanged - Rs.1,00,000) |
| Exceeding Rs.10,00,000 | **Rs.660 + 0.012%** of the (gross amount of currency exchanged - Rs.10,00,000)<br>or<br>Rs.6,000/- whichever is lower | **Rs.770 + 0.014%** of the (gross amount of currency Exchanged - Rs.10,00,000)<br>or<br>Rs.7,000/- whichever is lower |

**Effective Date:** As and when the revised Service Tax rate comes into effect.

**Services of promotion, marketing or organising/assisting in organising lottery**

| Particulars | Current Rate | New Rate |
|---|---|---|
| Where the guaranteed lottery prize payout is > 80% | **Rs.7000/-** on every Rs.10 Lakh (or part of Rs.10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw. | **Rs.8,200/-** on every Rs.10 Lakh (or part of Rs.10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw. |

| | | |
|---|---|---|
| Where the guaranteed lottery prize payout is < 80% | **Rs.11,000/-** on every Rs.10 Lakh (or part of ` 10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw. | **Rs.12,800/-** on every Rs.10 Lakh (or part of Rs.10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw. |

**Effective Date:** As and when the revised Service Tax rate comes into effect.

**23. Ambulance services are now exempted**

Any service provided by way of transportation of a patient to and from a clinical establishment by a clinical establishment is exempt from Service Tax. The scope of this exemption is being widened to include all ambulance services.

**Effective Date:** April 1, 2015

**24. Certain Construction services provided to Government, a local authority, or a governmental authority are now taxable**

Construction, repair etc of the following provided to the Government, a local authority, or a governmental authority are now taxable:

- a civil structure or any other original works meant predominantly for other than commercial purposes;
- of a structure for use as an educational, a clinical, or an art or cultural establishment;
- Residential complex for self-use or the use of the employees.

**Effective Date:** April 1, 2015

**25. Services of construction, erection etc of airport or port shall now be taxable**

Original work of Construction, erection, commissioning or installation pertaining to an airport or port is now taxable.

**Effective Date:** April 1, 2015

**26. Exemption to artists in folk or classical form is now restricted for consideration upto Rs.1,00,000/-**

Exemption to services provided by a performing artist in folk or classical art form of (i) music, or (ii) dance, or (iii) theatre, is now limited only to such cases where the amount charged the artist is upto Rs.1,00,000 for the performance.

**Effective Date:** April 1, 2015

**27. Exemption for Transportation of foodstuff by Rail, road or vessel is limited to certain products only**

Exemption to transportation of food stuff by rail, or vessels or road is now limited to the transportation of food grains, rice and pulses, flour, milk and salt. Therefore, transportation by rail, or vessels or road of tea, coffee, jaggery, sugar, milk products, edible oil is now taxable.

**Effective Date:** April 1, 2015

*28.* **Exemption for certain public telephone services are now withdrawn**

Exemption is being withdrawn on the following services:

(a) Departmentally run public telephone;

(b) Guaranteed public telephone operating only local calls;

(c) Telephone calls from free telephone at airport and hospital.

**Effective Date: April 1, 2015**

*29.* **Services of exhibition of movie by exhibitor to distributor is exempted**

Service of exhibition of movie by the exhibitor (theatre owner) to the distributor is exempted. Further, Service of exhibition of movie by the exhibitor (theatre owner) to an association of persons (where such exhibitor is one of the members of such association) is also being exempted.

**Effective Date: April 1, 2015**

**30. Life Insurance Exemptions**

Life insurance service provided by way of Varishtha Pension Bima Yojna is being exempted.

**Effective Date: April 1, 2015**

**31. Operation of Common Effluent Treatment Plant**

Service provided by a Common Effluent Treatment Plant operator for treatment of effluent is being exempted.

**Effective Date: April 1, 2015**

**32. Certain Post Agricultural Processes exempted.**

Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables is being exempted.

**Effective Date: April 1, 2015**

**33. Changes in Abatements**

The following changes as been made in abatement 26/2012 Service Tax dated 20.06.2012:

a. CENVAT on inputs, capital goods and input services for the "Transport of goods by Rail" & "Transport of passengers, with or without accompanied belongings by rail"
b. Taxable value for transport of passengers by air, with or without accompanied in other than economy class has been increased to 60% from 40% (Serial No.5)
**c.** Taxable value towards goods transport agency services has been enhanced from 25% to 30%. (Serial No. 7)
**d.** Taxable Value towards transport of goods in a vessel from one port in India to another has been enhanced to 40% from 30%

**Effective date would be from 01.04.2015**

34. Advance Ruling benefit is extended to Resident Firms

The facility of Advance Ruling is being extended to all 'resident firms' which includes LLP, sole proprietorship, One person company. Earlier the benefit of advance ruling was available only for non-residents and body corporate.

**Effective Date: March 1, 2015**

# Central Excise - Amendments

## *Central Excise Tariff Changes*

1. **Removal of Education Cess and SHE Cess**

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. In this regard, notification No.14/2015-Central Excise dated 1st March, 2015 has been issued. 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. In this regard, notification No.15/2015-Central Excise dated 1st March, 2015 has been issued.

2. **Change in standard rate of Central Excise duty**

First schedule of the Central Excise Tariff Act 1985 is amended to increase the standard rate of excise duty to 12.5% as against 12%. Therefore, effectively the rate of duty payable would be 12.5% as against 12.36% which was inclusive of Cess.

The rate of excise duty applicable to goods covered by the Medicinal and Toilet Preparations Act, 1955 is being increased from 12% to 12.5% ad valorem. In this regard, notification No.1/2015-M&TP dated 1st March, 2015 issued.

3. **Increase in rate of clean energy cess**

The rate of clean energy cess has been increased from present Rs.100 / ton to Rs.200 / ton.

4. **Change in rate of excise duty on unmanufactured tobacco**

Vide Notification No.5/2015-CE dated 1$^{st}$ March 2015, the notification no.16/2010-CE dated 27$^{th}$ February 2010 has been amended to prescribe new rate of excise duty on unmanufactured tobacco and chewing tobacco.

5. **Change in rate of excise duty on Pan Masala and gutkha**

Vide Notification No.06/2015-CE dated 1$^{st}$ March 2015, the notification 42/2008 - CE dated 1$^{st}$ July 2008 has been amended to prescribe new rate of excise duty on Pan Masala and Gutkha.

6. **Excise duty on Condensed milk**

Vide Notification No.07/2015-CE dated 1st March 2015, the notification no.01/2011 -CE dated 1st March 2011 has been amended to include "Condensed milk put up in unit containers" for levy of excise duty for clearance under concessional rate of excise duty of 2% without CENVAT credit benefit. Condensed milk other than put up in unit containers will continue to be exempt from excise duty. These goods can also be cleared at 6% rate with CENVAT credit benefit.

7. **Increase in rate of duty on mineral and aerated water**

Vide Notification No.09/2015-CE dated 1st March 2015, the notification no.06/2005- CE dated 1st March 2005 has been amended to provide exemption for "Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured" from Additional duty of Excise of 5%.

Further excise duty on "waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured" falling under Chapter sub-heading 2202 10 is being increased from 12% to 18%

8. **Excise duty on peanut butter**

Excise duty of 2% without CENVAT credit or 6% with CENVAT credit is being levied on peanut butter [2008 11 00]. S.No.14 of notification No.1/2011-Central Excise, dated 1st March, 2011 and S.No.13A of notification No.12/2012-Central Excise, dated 17th March, 2012 as omitted by notification No.12/2015-Central Excise dated 1st March, 2015.

**9. Increase in rate of duty on cigarettes**

Basic Excise Duty rate on cigarettes and other products of tariff heading 2402 is increased. Excise duty on cut tobacco is increased from Rs.60 per kg to Rs.70 per kg. Changes in basic excise duty rates on cigarettes are summarized below:

| Tariff Item | Descriptions (length in mm) | BED Rs. Per 1000 Sticks | BED Rs. Per 1000 Sticks |
|---|---|---|---|

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| | | (Existing Rate) | (New Rate) |
|---|---|---|---|
| 2402 2010 | Non filter not exceeding 65 | 990 | 1280 |
| 2402 2020 | Non-filter exceeding 65 but not exceeding 70 | 1995 | 2335 |
| 2402 2030 | Filter not exceeding 65 | 990 | 1280 |
| 2402 2040 | Filter exceeding 65 but not exceeding 70 | 1490 | 1740 |
| 2402 2050 | Filter exceeding 70 but not exceeding 75 | 1995 | 2335 |
| 2402 2090 | Other | 2875 | 3375 |

**10. Increase in rate of duty on specified cement:**

Tariff rate of excise duty on goods falling under Chapter sub-heading 2523 29 is being increased from Rs.900 per tonne to Rs.1000 per tonne

**11. Increase in rate of duty on diesel**

Tariff rate of excise duty on high speed diesel (HSD) falling under tariff item 2710 19 30 is being increased from 14% + Rs.5 per litre to 14% + Rs.15 per litre. However, there is no change in the aggregate of various duties of excise on high speed diesel (HSD).

**12. Exemption to goods consumed in Agarbatti**

Full exemption from excise duty is being provided to all goods which are consumed within the factory of their production in the manufacture of Agarbatti [3307 41 00]. Vide Notification No.13/2015-CE dated 1st March 2015, the Notification No 10/1996 - CE dated 27th March 1996 has been amended.

**13. Increase in rate of excise duty on plastic containers**

Tariff rate of excise duty on all goods falling under tariff item 3923 21 00 and Chapter subheading 3923 29 is increased from 12% to 18%. However, the effective rate of excise duty on sacks and bags of polymers of ethylene [3923 21 00] other than for industrial use is being increased from 12% to 15%. Other sacks and bags falling under sub-heading 3923 29 shall remain at 12.5%. Notification No.12/2012- Central Excise, dated 17th March, 2012 as amended by notification No.12/2015.

**14. Changes in rate of duty for footwear**

Basic Excise Duty on leather footwear of Retail Sale Price exceeding Rs.1000 per pair falling under Central Excise Tariff heading 6403 and 6405 is reduced from 12% to 6%. For the purposes of this exemption, leather footwear means footwear, classified under CETH 6403 or 6405, having uppers of leather, where leather refers to goods of heading 4107 or 4112 to 4114. This concessional rate of 6% would however not apply to footwear with leather sole and textile uppers falling under CETH 6404. Footwear, including leather footwear, of Retail Sale Price upto Rs. 500 per pair and those with RSP exceeding Rs. 500 per pair but not exceeding Rs. 1000 per pair will continue to attract NIL and 6% excise duty respectively. Notification No.12/2012- Central Excise, dated 17th March, 2012 as amended by notification No.12/2015- Central Excise dated 1st March, 2015.

**15. Changes in rate of duty for pig iron**

Excise duty is reduced from 12% to Nil on Pig iron SG grade (7201 1000) and ferrosilicon-magnesium (7202 2900) for manufacture of cast components of wind operated electricity generators subject to certification by Ministry of New Renewable Energy [MNRE]. Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended by notification No.12/2015-Central Excise dated 1st March, 2015.

**16. Exemption for iron and steel for railway track**

S.No.205A of notification No.12/2012-Central Excise dated 17.03.2012 which exempts railway or tramway track construction material of iron and steel from payment of excise duty on the value of rails, subject to condition that such rails have suffered excise duty and no credit of duty paid on them is taken under the CENVAT Credit Rules, 2004 is being given retrospective effect for the period from 17.03.2012 to 02.02.2014.

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**17. Exemption for round copper and tine alloys**

Full exemption from excise duty is being extended to round copper wire and tine alloys for use in the manufacture of PV ribbon (tinned copper interconnect) for manufacture of solar PV cells and modules, subject to certification by Department of Electronics and Information Technology (DeitY). Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended by notification No.12/2015-Central Excise dated 1st March, 2015.

**18. Exemption in case of solar water system**

Excise duty exemption is being withdrawn on solar water heater and system. Item-5 of List-8 of notification No.12/2012-Central Excise, dated 17th March, 2012 is omitted vide notification No.12/2015-Central Excise dated 1st March, 2015.

Further, optional excise duty of Nil without CENVAT credit / 12.5% with CENVAT credit is being extended to solar water heater and system. Excise duty exemption on parts for use in manufacture of solar water heater and system is being continued, subject to actual user condition.

**19. Concessional rate benefit for tablet computer**

Excise duty of 2% without CENVAT credit / 12.5% with CENVAT credit is being provided to tablet computer. Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended by notification No.12/2015-Central Excise dated 1st March, 2015.

Further, excise duty is being exempted on parts, components and accessories for use in manufacture of tablet computer. Excise duty is also being exempted on sub-parts for use in manufacture of parts, components and accessories of tablet computers. These exemptions are subject to actual user condition.

**20. Changes in excise duty rate on mobiles**

Excise duty on mobile handsets including cellular phone is being changed from 1% without CENVAT credit or 6% with CENVAT credit to 1% without CENVAT credit or 12.5% with

CENVAT credit. S.No.263A of notification No.12/2012-Central Excise, dated 17th March, 2012 as amended by notification No.12/2015-Central Excise dated 1st March, 2015 and Clause 104 of the Finance Bill, 2015 refer. NCCD of 1% on mobile handsets including cellular phone, remains unchanged.

**21. Reduction of excise duty on wafers for IC**

Excise duty is reduced from 12% to 6% on wafers for use in the manufacture of IC modules for smart cards, subject to actual user condition. Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2015-Central Excise dated 1st March, 2015.

**22. Reduction in excise duty rate on inputs used in LED driver and others**

Excise duty is reduced from 12% to 6% on all inputs for use in manufacture of LED driver and MCPCB for LED lights and Fixtures & LED Lamps, subject to actual user conditin. Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2015-Central Excise dated 1st March, 2015.

**23. Reduction in excise duty rate of ambulance chassis**

Excise duty on chassis for ambulance is being reduced from 24% to 12.5%, subject to actual user condition. Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2015-Central Excise dated 1st March, 2015.

**24. Exemption on materials used in pacemakers**

Excise duty is exempted on specified raw materials for use in manufacture of pacemakers, subject to actual user condition. Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2015-Central Excise dated 1st March, 2015.

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**25. Amendment in exemption condition on goods supplied against competitive bidding**

Goods manufactured domestically and supplied against International Competitive Bidding are eligible for full excise duty exemption provided that such goods when imported attract Nil Basic Customs Duty and Nil CVD [S.No.336 of notification No.12/2012-Central Excise dated 17.03.2012 read with Condition No.41]. The condition is being amended so as to provide that if imported goods are eligible for Nil Basic Customs Duty and Nil CVD subject to certain conditions, then the said conditions shall also apply mutatis mutandis to such goods when manufactured domestically and supplied against International Competitive Bidding for the purposes of availing of the said excise duty exemption. Condition No.41 of notification No.12/2012- Central Excise, dated 17th March, 2012 as amended by notification No.12/2015Central Excise, dated 1st March, 2015.

**26. Amendment in exemption condition on setting up of ultra mega power**

S.No. 337 of Notification No. 12/2012-Central Excise dated 17-3-2012 provided Nil excise duty on goods for setting up of Ultra Mega Power Project specified in List No. 10 of the said Notification. In case of goods for a Project for which certificate regarding Ultra Mega Power Project status is provisional, the exemption is subject inter alia to condition that the Chief Executive Officer of the Project furnishes a bank guarantee or fixed deposit receipt for a term of 36 months or more. This condition is being amended to prescribe furnishing of bank guarantee or fixed deposit receipts for a period of 42 months. Condition No. 42(b) of Notification No.12/2012- Central Excise, dated 17th March, 2012 as amended by notification No.12/2015-Central Excise, dated 1st March, 2015 refers.

**27. Increase in rate of duty for clearance from EOU to DTA**

The standard rate of duty has been increased to 12.5% from 12% by amending notification no.23/2003 through new notification No.16/2015-CE dated 1st March 2015.

## Central Excise Non-Tariff changes:

**28. New items added in list of goods subject to MRP valuation**

Notification No. 49/2008-CE (NT) (MRP notification) has been amended by Notification 3/2015-CE (NT) to include the following goods for levy of excise duty on MRP basis:

| Sl No. | Tariff Heading | Goods | Abatement % |
|---|---|---|---|
| 1A | 04029110<br>04029920 | Condensed milk put up in unit containers | 30 |
| 16A | 2101 20 | Extracts, essences and concentrates of tea or mate and preparations with a basis of these extracts, essences or concentrates or with a basis of tea or mate | 30 |
| 25A | 2202 | Lemonade, Soya milk drinks, Fruit pulp or fruit juice based drinks, Flavoured Milk of Animal origin, Beverages containing milk and all other goods falling under this chapter. | 35 |
| 101 | 94 | Furniture, Bedding, mattresses, mattress supports, cushions, lamps and lighting fittings, illuminated signs, illuminated name-plates and prefabricated buildings. | 35 |

**29. Reduction in abatement percentage for footwear**

The abatement percentage is dropped to 25% on both Footwear of retail sale price exceeding Rs 250/- and not exceeding Rs 750/- per pair and all other foot wear from the existing abatement percentage of 35% and 40% respectively. Effectively the same results in excess liability of excise duty.

**30. Changes registration procedure**

Registration process for Central Excise has been simplified and amended. In this regard Notification no. 07/2015-CE(N.T.) dated 01.03.2015, effective from 01.3.2015 has been issued, prescribing documentation, time limits and procedure for registration. Following are the key instructions specified in the said order:

- Requirement of PAN No. is mandatory for registration;
- Registration application shall be verified within two days of filing the application.
- Applicant shall quote the email address and mobile number. Further, existing registrants who have not submitted this information are required to file an amendment application by 3 months.
- Documentation required to be submitted along with registration certificate has also been specified

  **This is effective from 01.03.2015.**

**31. Option to maintain records in electronic mode**

Rule 10 of CCR 2002, has been amended to provide for preserving records in electronic mode and every page of such record preserved shall be authenticated by mean of digital signature. The Central Government may specify the conditions and safeguards for preserving digitally signed records. This is effective from 01.03.2015.

**32. Option of issuing digitally signed invoices**

Rule 11 of CCR 2002, has been amended to provide for issue of digitally signed invoices. Further, in case the goods are directly sent to job worker's premises, then the invoice shall have details of buyer and the name of such job worker / consignee. It is also provided that if the goods imported under the cover of a bill of entry are sent directly to buyer's premises, the invoice issued by the importer shall mention that goods are sent directly from the place or port of import to the buyer's premises.

This is effective from 01.03.2015.

**33. Penalty for delayed filing of ER-7**

A penalty of Rs.100 per day subject to maximum of Rs.20,000 has been specified for delayed filing of ER-7 return. This is effective from 01.03.2015.

**34. Penalty for delayed filing of ER-2**

A penalty of Rs.100 per day subject to maximum of Rs.20,000 has been specified for delayed filing of ER-2 return by EOU units. This is effective from 01.03.2015.

**35. Increase in penalty for specified contraventions**

Rule 25 has been amended to provide for penalty of Rs.5,000/- as against Rs.2,000/-. This is effective from date of enactment of Finance bill 2015.

36. **Amendment in Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001**

Rule 3 of Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001 has been amended to provide that, it shall be sufficient to provide a letter of undertaking by a manufacturer against whom no show cause notice has been issued under subsections (4) or (5) of section 11A of Central Excise Act, 1944 or where no action is proposed under any notification issued in pursuance of rule 12CCC of Central Excise Rules, 2002 or rule 12AAA of CENVAT Credit Rules, 2004." This shall be effective from 1st March 2015.

## *Changes to Cenvat Credit Rules 2004:*

1. **Cenvat credit on goods directly despatched to job worker**

Rule 4 of CCR 2004 has been amended to provide for Cenvat credit in respect of receipt of inputs/ capital goods directly by job worker when such goods are sent directly on direction of manufacturer or the provider of output service.

2. **Time limit of one year for availing the Cenvat credit**

Rule 4 has been amended to provide for time limit of one year as against 6 months for availing the Cenvat credit on inputs and input services from the date of invoice.

3. **Cenvat immediately on payment of tax in partial reverse charge**

Rule 4(7) is being amended to allow Cenvat Credit of Service Tax paid under partial reverse charge by the service receiver without linking it to the payment to the service provider. This change will come into effect from 1.4.2015.

4. **Cenvat credit in case of goods sent for job work**

Rule 4(5) (a) has been amended to provide for Cenvat credit on inputs even if inputs are directly sent to job worker. The goods sent to job worker can be moved to another job worker as well. However, it shall be ensure that the goods are received back by the manufacturer within 180 days from the date of sending such goods. In case the goods are sent to job worker premises without first receiving into factory by manufacturer, then 180 days shall be counted from date of receipt of goods by job worker.

5. **Increase in time limit for receipt of Capital goods sent for job work**

The time limit for receipt of capital goods sent for job work has been increased from 180 days to two years.

6. **Cenvat credit on input service on payment of tax**

Rule 4(7) has been amended to provide for Cenvat credit of service tax paid on payments made for the services received partially as well.

7. **Export goods defined**

Rule 5 has been amended to provide that the 'Export goods' means any goods which are to be taken out of India to a place outside India for the purpose of claiming the refund.

8. **Exempted goods include non-excisable goods**

Rule 6 has been amended to provide that the exempted goods shall include even non-excisable goods and the value of invoice shall be considered for ascertaining the eligible / ineligible Cenvat credit.

9. **Penal provisions would attract even if credit availed but not utilized**

Rule 14 has been amended to provide for penal provisions even if Cenvat credit has been taken but not utilised.

10. **Manner of utilisation of credit provided**

In Rule 14 it has been provided that 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.

**All Cenvat credit related changes otherwise provided would be effective from 01.03.2015.**

# Budget – 2015 - CUSTOMS

1. **Resident firm defined for settlement commission**

Vide notification No. 27/2015 custom (NT) dated 1st March 2015, for purpose of advance ruling, the resident firm has been defined to include the following class of persons in Section 28E of Customs Act.

- "Firm" shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932 (9 of 1932) , and includes-

(i) *"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) "S*ole proprietorship"* means an individual who engages himself in an activity as defined in sub-clause (a) of section 23A of the Central Excise Act, 1944. or

(iv) *"One Person Company"* means as defined in clause (62) of section 2 of the Companies Act, 2013 (18 of 2013).

2. **Reduction in basic customs duty on bituminous coal**

First schedule of Customs Tariff Act 1975 has been amended to reduce the tariff rate of basic customs duty on bituminous coal is being reduced from 55% to 10%.

3. **Increase in customs duty rate on iron and steel articles**

The tariff rate of basic customs duty on goods falling under all the tariff items of Chapters 72 and 73 that is iron and steel and articles of iron & steel, is being increased from 10 to 15%.

4. **Increase in customs duty rate on specified vehicles**

The tariff rate of basic customs duty on goods falling under all the tariff items of heading 8702 that is motor vehicles for the transport of ten or more persons, including the driver and 8704 that is motor vehicles for the transport of goods, is being increased from 10% to 40%. The effective Basic customs duty on Commercial Vehicles is being increased from 10% to 20%. However, customs duty on commercial vehicles in Completely Knocked Down (CKD) kit and electrically operated vehicles including those in CKD condition will continue to be at 10%.

**All rate changes are effective from 1st March 2015**

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## CUSTOMS NON-TARIFF CHANGES:

5. **Exemption from penalty**

A new proviso has been introduced after Section 28(2) to provide that 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, no penalty shall be imposed if the amount of duty along with interest leviable under section 28AA or the amount of interest, as the case may be, as specified in the notice, is paid in full within 30 days from the date of receipt of the notice and the proceedings in respect of such person or other persons to whom the notice is served shall be deemed to be concluded.

6. **Reduction in penalty**

Section 28(5) has been amended to provide that 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 the present 25%.

7. **Penalty in case of improper importation**

Section 112 is being amended so as to substitute sub-clause (ii) of clause (b) 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, 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.

Earlier the penalty was equal to duty sought to be evaded on such goods or five thousand rupees, whichever was greater.

It is also being provided that in cases 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 as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within 30 days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to paid by such person under this section shall be 25% of the penalty so determined.

8. **Penalty in case of improper export of goods**

Section 114(ii) being amended 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, 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.

Earlier the penalty was equal to duty sought to be evaded on such goods or five thousand rupees, whichever was greater.

It is also being provided that in cases 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 as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within 30 days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to paid by such person under this section shall be 25% of the penalty so determined.

9. **Limitation of scope of Section 127A**

Proviso to clause (b) of Section 127A relating to settlement commissions has been amended to omit the wordings "in any appeal or revision, as the case may be". As a result, 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.

10. **Removal of redundant provisions**

Section 127B(1A) , 127C (6), 127E, 127H, 127L (1)(i)and 127L(1)(ii) have been omitted as the same have become redundant as these provisions were in relation to applications made prior to June 2007.

**All Customs Non-Tariff changes shall be in force after enactment of Finance bill 2015.**

## *CUSTOMS TARIFF CHANGES- Budget 2015:*

**11. Exemption to Motor spirits**

Notification no.06/2015 – customs dated 01.03.2015 exempts motor spirits commonly known petrol falling under chapter 2710 of the CETA 1975 when imported into India from additional duty in excess of the amount calculated at the rate of Rupees six per litre.

**12. Exemption to high speed diesel oil**

Notification No. 7/2015-Customs dated 01.03.2015 exempts high speed diesel oil falling under chapter 2710 of the CETA 1975 when imported into India from additional duty in excess of the amount calculated at the rate of Rupees six per litre.

**13. Reduction in excise duty rate of limenite**

Vide notification No.8/2015–Cus dated 01.03.2015 decreased the rate of export duty on the following goods.

| **Description** | **Earlier rate** | **New rate** |
|---|---|---|
| 26140020 - Ilmenite, upgraded (beneficiated ilmenite including ilmenite ground) | 5% | 2.5% |

14. **Removal of Education Cess SHE Cess**

Vide notification No.9/2015 Cus dated 01.03.2015, the levy of Education Cess and Secondary Higher Education cess on Customs duty on goods when imported into India has been exempted.

15. **Effective rate of custom duty on specified goods**

Vide notification No.10/2015 Cus dated 1.03.2015 the effective rate of Custom duty has been notified for the following goods with effect from 01.03.2015.

| SI No | Chapter head | Description of Goods | Std Rate | Add. duty rate | Condition |
|---|---|---|---|---|---|
| 113A | 2528 | Ulexite Ore | Nil | - | |
| 125 | 2704 00 | Metallurgical coke | 5% | | |
| 142C | 2711 13 00 | Butanes | 2.5% | - | |
| 157A | 2807 00 10 | Sulphuric acid for the manufacture of fertilizers | 5% | | |
| 175 | 2902 43 00 | Styrene | 2% | | |
| 177 | 2903 15 00 | Ethylene dichloride (EDC) | 2% | | |
| 178 | 2903 2100 | Vinyl chloride monomer (VCM) | 2% | | |
| 181A | 2914 61 00 | Anthraquinone | 2.5% | | |
| 181B | 2916 12 10 | Butyl acrylate | 5% | | |
| 247A | 3919 90 90 | Water blocking tape for use in the manufacture of insulated wires and cables falling under heading 8544 (except sub-heading 8544 11) | 7.5% | | 5 |
| 247B | 4002 70 00 | Ethylene – propylene – non-conjugated diene rubber (EPDM) for use in the manufacture of insulated wires and cables falling under heading 8544 (except sub-heading 8544 11) | 7.5% | | 5 |
| 247C | 6814 90 90 | Mica glass tape for use in the manufacture of insulated wires and cables falling under heading 8544 (except sub-heading 8544 11) | 7.5% | | 5 |
| 329A | 72 | All Goods | 10% | | |

| | | | | | |
|---|---|---|---|---|---|
| 334A | 73 | All goods | 10% | | |
| 334B | 7325 | Metal parts for use in the manufacture of electrical insulators falling under heading 8546 | 7.5% | | 5 |
| 344A | 8110 10 00, 8110 20 00 | All goods | 2.5% | | |
| 371A | 2825 60 20 | Ceria zirconia compounds for use in the manufacture of washcoat for catalytic converters | 5% | | 5 |
| 371B | 2846 10 90 | Cerium compounds for use in the manufacture of washcoat for catalytic converters | 5% | | 5 |
| 371C | 3824 90 90 | Zeolite for use in the manufacture of washcoat for catalytic converters | 5% | | 5 |
| 399A | 8414 90 11 | The following goods for use in the manufacture of refrigerator compressor falling under tariff item 8414 30 00, namely:-<br>(i) C-Block compressor;<br>(ii) Crankshafts | 5% | | |
| 399B | 8536 20 90 | Over Load Protector (OLP) and positive thermal coefficient for use in the manufacture of refrigerator compressor falling under tariff item 8414 30 00 | 5% | | |
| 399C | 8419 | Evacuated tubes with three layers of solar selective coating for use in the manufacture of solar water heater and system | Nil | | 5 |
| 406B | 8483 40 00 | Ball screws for use in the manufacture of CNC Lathes (tariff item 8458 11 00, 8458 91 00) or Machining Centres (tariff item 8457 10 10, 8457 10 20) | 2.5% | | 5 |
| 406C | 8466 93 90 | Linear Motion Guides for use in the manufacture of CNC Lathes (tariff item 8458 11 | 2.5% | | 5 |

| | | | | | |
|---|---|---|---|---|---|
| | | 00, 8458 91 00) or Machining Centres (tariff item 8457 10 10, 8457 10 20) | | | |
| 406D | 8537 10 00 | CNC Systems for use in the manufacture of CNC Lathes (tariff item 8458 11 00, 8458 91 00) or Machining Centres (tariff item 8457 10 10, 8457 10 20) | 2.5% | | 5 |
| 407A | 84 or any other Chapter | (a) Parts, components or accessories for use in the manufacture of tablet computer<br>(b) Sub-parts for use in the manufacture of items mentioned at (a) above | Nil<br>Nil | Nil<br>Nil | 5<br>5 |
| 408 | 8472 90 or 8473 40 | The following goods, namely:-<br>(i) Cash dispenser or automatic bank note dispenser;<br>(ii) Parts and components of the goods mentioned at (i) | Nil | | 5 |
| 424A | 8504 | Active Energy Controller (AEC) for use in manufacture of Renewable Power System (RPS) inverters | 5% | | 46 |
| 428A | 8525 80 20 | Digital Still Image Video Cameras capable of recording video with minimum resolution of 800 x 600 pixels, at minimum 23 frames per second, for at least 30 minutes in a single sequence, using the maximum storage (including the expanded) capacity. | Nil | | |
| 429 | 85 or any other Chapter | Parts and components of Digital Still Image video Cameras capable of recording video with minimum resolution of 800 x 600 pixels, at minimum 23 frames per second, for at least 30 minutes in a single sequence, using the | Nil | | 5 |

| | | | | | |
|---|---|---|---|---|---|
| | | maximum storage (including the expanded) capacity. | | | |
| 432 | 8529 | "LCD (Liquid crystal display), LED (Light Emitting Diode) or OLED (Organic LED) TV panels | Nil | | |
| 432B | 8529, 4016 | After item (xi)<br>"(xii) Black Light Unit Module" | | | |
| 433 | 8540 71 00 | Magnetron of up to 1KW used for the manufacture of domestic microwave ovens | Nil | | |
| 436A | 8702 or 8704 | Motor vehicles:<br>(a) If imported as a Completely Knocked Down (CKD) kit containing all the necessary components, parts or subassemblies, for assembling a complete vehicle with engine, gearbox and transmission mechanism not in a pre-assembled condition;<br>(b) in a form other than (a) above | 10% | | |
| 436B | 8702 | Electrically operated vehicles whether imported in a Completely Knocked Down (CKD) kit containing all the necessary components, parts or subassemblies, for assembling a complete kit with engine, gearbox and transmission mechanism not in a pre-assembled condition or not. | 10% | | |
| 474A | 90 or any other Chapter | The following goods for use in the manufacture of Flexible Medical Video Endoscope (heading 9018), namely:-<br>(i). CCD/CMOS Camera Sensor;<br>(ii). Main printed circuit board of CCD/CMOS Camera Sensor; | 2.5% | | 5 |

| | | | | | |
|---|---|---|---|---|---|
| | | (iii). Objective Lens for CCD/CMOS Camera Sensor;<br>(iv). Light Guide/Image Guide optical fiber bundle;<br>(v). Ultrasound Transducer;<br>(vi). Main printed circuit board of Ultrasound Transducer | | | |
| 480 | 90 or any Chapter | Artificial Heart (left ventricular assist device) | Nil | Nil | |
| 488A | 90 or any other Chapter | The following goods for use in the manufacture of pacemakers (tariff item 9021 50 00), namely:-<br>(i). Battery;<br>(ii). Titanium;<br>(iii). Palladium wire;<br>(iv). Eutectic Wire ;<br>(v). Silicone Resins and Silicone Rubbers;<br>(vi). Solder Paste;<br>(vii). Reed Switch;<br>(viii). Diodes;<br>(ix). Transistors;<br>(x). Capacitors;<br>(xi). Controllers;<br>(xii). Coils(steel) ;<br>(xiii). Tubing (silicone). | | Ni8l | 5 |

The benefit of exemption for following serial numbers has been extended till 1st April 2016

| SI No | Chapter head | Description of Goods | Std Rate | Add. duty rate | Condition |
|---|---|---|---|---|---|
| 439. | Any Chapter | The following goods for use in the manufacture | Nil | 6% | 5 |

| | | | | | |
|---|---|---|---|---|---|
| | | of goods specified against S. No. 296 in the Table to the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/2012-Central Excise, dated 17th march, 2012, namely :-<br>(i) Battery pack;<br>(ii) Battery Charger;<br>(iii) AC or DC Motor;<br>(iv) AC or DC Motor Controller | | | |
| 440. | Any Chapter | The following goods for use in the manufacture of goods specified against S. No. 297 in the Table to the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/2012-Central Excise, dated 17th march, 2012, namely :-<br>(i) Battery pack;<br>(ii) Battery Charger;<br>(iii) AC or DC Motor;<br>(iv) AC or DC Motor Controller;<br>(v) Engine for HV (Atkinson cycle);<br>(vi) Transaxle for HV (split power device);<br>(vii) Power Control unit (inverter, AC/DC converter, condenser);<br>(viii) Control ECU for HV, Generator;<br>(ix) Brake system for recovering;<br>(x) Energy Monitor;<br>(xi) Electric Compressor | Nil | 6% | - |

**16. Exemption from levy of additional duty of customs**

Vide notification No. 11/2015 Customs dated 01.03.2015 exemption from levy of additional duty of customs leviable under sub-section (5) of Section 3 of Customs Tariff Act has been specified in excess of the amount calculated at the standard rate specified in column (Standard rate). Notification no.21/2012 has been amended in this regard.

| S No | Chapter, heading, sub-heading | Description of goods | Standard rate |
|---|---|---|---|
| 14D | Any chapter | All goods [except populated Printed Circuit Boards (PCBs) ] required for use in the manufacture of the following, namely,-<br>(i). All goods specified against S.Nos.1 to 68 of the TABLE to the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 25/1998-Customs, dated the 2nd June, 1998 *vide* number G.S.R.290(E), dated the 2nd June, 1998;<br>(ii). All goods specified against S.Nos. 1 to 38 of the Table to the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 24/2005-Customs dated the 1st March, 2005 *vide* number G.S.R.122(E), dated the 1st March, 2005;<br>(iii). All goods specified against S.Nos. 1 to 32 of the Table to the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 25/2005-Customs dated the 1st March, 2005 *vide* number G.S.R.123(E) dated 1st March, 2005: Provided that the exemptions under this S.No. shall be subject to Condition No. 5 annexed to the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/2012- Customs, dated the 17th March, 2012 *vide* number G.S.R.185(E) dated the 17th March, 2012. | Nil |

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|---|---|---|---|
| 14E | 90 or any other Chapter | All goods specified against S.No. 488A of the Table to the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/2012-Customs, dated the 17th March, 2012 *vide* number G.S.R.185(E) dated the 17th March,2012: Provided that the exemption under this S.No. shall be subject to the conditions, if any, specified in respect of such goods under S. No. 488A of the Table annexed to the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/2012-Customs, dated the 17th March, 2012 *vide* number G.S.R.185(E) dated the 17th March, 2012. | Nil |
| 14F | Any Chapter | All inputs for use in the manufacture of LED (Light Emitting Diode) driver or MCPCB (Metal Core Printed Circuit Board) for LED lights and fixtures or LED Lamps: Provided that the exemption under this S.No. shall be subject to Condition No. 5 annexed to the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/2012-<br>Customs, dated the 17th March, 2012 *vide* number G.S.R.185(E) dated the 17th March, 2012. | Nil |
| 45A | 2710 | Naphtha:<br>Provided that the importer shall follow the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996. | 2% ad valorem |
| 45B | 2902 5000 | Styrene:<br>Provided that the importer shall follow the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996. | 2% ad valorem |
| 45C | 22903 15 00 | Ethylene dichloride (EDC):<br>Provided that the importer shall follow the procedure set out | 2% ad valorem |

| | | | |
|---|---|---|---|
| | | in the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rule, 1996 | |
| 45D | 2903 21 00 | Vinyl chloride monomer (VCM):<br>Provided that the importer shall follow the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996. | 2% ad valorem |
| 78A | 7204 | The following goods, namely:-<br>(a) Melting scrap of iron or steel;<br>(b) Stainless steel scrap, for the purpose of melting | 2% |
| 79A | 7404 | The following goods, namely:-<br>(a) Copper scrap;<br>(b) Brass scrap | 2% |
| 79B | 7602 | Aluminium scrap | 2% |

Further after S. No 83 and the entries relating thereto shall be deleted

| | | |
|---|---|---|
| 84 | Goods specified against S. No. 394 of the Table annexed to the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/2012-Customs, dated the 17th March, 2012:<br>Provided that the exemption available under this notification shall be subject to the conditions, specified in respect of such goods under the said Notification No. 12/2012-Customs, dated the 17th March, 2012 | Nil |

***(Note this is for the private circularion amount the clients of M/s. Hiregange & Associates & Chartered Accountants. All efforts have been taken to make the note error free. M/s. Hiregange & Associates or the partners would not be responsible for any action taken on this note without prior consultation)***

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