INDIRECT TAX INSIGHTS

UNION BUDGET 2015-16

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A. CENTRAL EXCISE

1.0 Rate of Excise Duty

[Effective from 01-03-2015, unless otherwise stated]

1.1 General

- **Standard Rate of duty has been increased from 12% to 12.5%**, however, Concessional Rate of duty has been maintained at 6%;

- **Exemption from Education Cess [Notification No. 14/2015–C.E. dated 01/03/2015] -** Full exemption from Education Cess is being provided to all goods falling within the First Schedule of Central Excise Tariff Act, 1985.

- **Exemption from Secondary and Higher Education Cess [Notification No. 15/2015-C.E. dated 01/03/2015] -** Full exemption from Secondary and Higher Education Cess is being provided to all goods falling within the First Schedule of Central Excise Tariff Act, 1985.

1.2 Changes in Duty of Certain Goods

- **Waters, including mineral waters and aerated waters,** containing added sugar or other sweetening matter or flavoured - Duty of excise has been increased from 12% to 18%;

- **Cigarettes** - Duty of excise on cigarettes has been increased from 25% for cigarettes of length not exceeding 65 mm and by 15% for cigarettes of other lengths. Increase in duty has also done on cigars, cheroots and cigarillos;

- **Cut Tobacco** - Excise duty on cut tobacco has been increased from INR 60 per kg to INR 70 per kg.;

- **Cement** - Tariff rate of excise duty on goods falling under Ordinary Portlant Cement, Portland Pozzolana Cement and Portland Slag Cement has been increased from INR 900 per tonne to INR 1,000 per tonne [Effective rate remains same];

- **High speed diesel (HSD)** - Tariff rate of excise duty on high speed diesel HSD falling under tariff item 2710 19 30 has been increased from 14% + INR 5 per litre to 14% + INR 15 per litre. [Effective rate remains same];

- **Sacks and bags (including cones) of plastics** - Tariff rate of excise duty on sacks and bags (including cones) of plastics falling under tariff items 3923 21 00, 3923 29 10 and 3923 29 90 has been increased from 12% to 18%;

- **Chewing Tobacco -** Duty will be charged on the basis of number of pouches packed per machine on the basis of their retail price;

- **Petroleum –** The Schedule Rates of the Additional Duty of Excise (commonly known as Road Cess) levied on High Speed Diesel Oil has been increased from INR 2 per litre to INR 8 per litre. The effective rates of the Additional Duty of Excise (commonly known as Road Cess) levied on Petrol and High Speed Diesel has been increased from INR 2 per litre to INR 6 per litre only;

- **Peanut Butter** - Excise duty of 2% without Cenvat Credit or 6% with Cenvat Credit has been levied on peanut butter;

- **Leather footwear -** 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 INR 1000 per pair has been reduced from 12% to 6%;

- **Clean Energy Cess on coal, lignite and peat** – The Schedule Rate of Clean Energy Cess, levied on coal, lignite and peat has been increased from INR 100 per tonne to INR 300 per tonne. The effective rate of Clean Energy Cess has been increased from INR 100 per tonne to INR 200 per tonne.

- **Pig iron SG grade and Ferro-silicon-magnesium for manufacture of Cast components of wind operated electricity generators** - Fully exempted

- **Solar water heater and system** - Excise duty structure of NIL without Cenvat credit or 12.5% with credit

- **Wafers for manufacturing of integrated circuit (IC) modules for smart cards** – Reduced from 12% to 6%;

- **LED drivers and MCPCB for LED lights, fixtures and lamps** – Reduced from 12% to 6%;

- **Mobile Phones** – Excise duty structure for mobile phones has been changed from 1% without Cenvat Credit or 6% with credit to 1% without credit or 12.5 % with credit. NCCD of 1% on mobile phones remains unchanged

- **Tablet computers. Parts, components and accessories** –Excise duty structure of 2% without Cenvat credit or 12.5% with credit has been extended to tablet computers. Parts, components and accessories for use in manufacture of tablet computers and their sub-parts for use in manufacture of parts, components and accessories have been fully exempted from excise duty, subject to actual user condition;

- **Ambulances** – Excise duty on chassis for ambulances has been reduced from 24% to 12.5% subject to actual user condition;

- **Exemption to Motor Spirit or Petrol** – Motor spirit commonly known as petrol, falling under heading 2710 of the First Schedule of the Central Excise Tariff Act, 1985, has been exempted from so much of the additional duty of excise leviable as is in excess of the amount calculated at the rate of INR 6 per litre;

- **Exemption to High speed Diesel Oil –** High speed diesel oil falling under the heading 2710 of the First Schedule to the Central Excise Tariff Act, 1985, has been exempted from so much of the additional duty of excise leviable as is in excess of the amount calculated at the rate of INR 6 per litre; and

- **Agarbatti** - Full exemption from excise duty has been extended to captively consumed intermediate compound coming into existence during the manufacture of Agarbattis.

2.0 Amendments to the Central Excise Act, 1944

[Effective from enactment of Finance Bill, unless otherwise stated]

2.1 Explanation inserted to charging section [Section 3A(3)]

Explanation to Sub section (3) of Section 3A, which empowers the Central Government to charge excise duty on the basis of capacity of production in respect of notified goods, has been amended to enable the Central Government to specify more than one factor relevant to the production of such goods.

2.2 Provisions empowering the Central Excise Officers to invoke Extended period in cases wherein the details related to the transactions are available in the specified records omitted [Sub Section (5), (6) & (7) of Section 11A]

Section 11A has been proposed to be amended **to omit Sub -Sections (5), (6) and (7)** empowering the Central Excise Officer to issue Show Cause Notice within a period of 5 years from the relevant date even if the details relating to the transactions are available in the specified record. In such cases penalty equal to 1% of duty per month [to be calculated from the month following the month in which such duty was payable] was payable subject to maximum of 25% of the duty involved.

2.3 Relevant Date for issuance of Show Cause Notice under Section 11A in cases wherein Excise Returns are filed amended

Explanation 1 of Section 11A provided that the relevant date for issuance of Show Cause Notice in the case of excisable goods on which duty of excise has not been levied or paid or has been short-levied or short-paid and **the return has been filed on due date** would be the date on which such return has been filed. This provision led to disputes in determination of relevant date for issuance of Show Cause Notice in the cases wherein **the return has been filed after due date.**

In order to avoid such issues, an amendment has been proposed to freeze the date of filing of Excise Return as Relevant Date for issuance of Show Cause Notice by omitting the word '**on due date'** from the existing provision. Hence, irrespective of whether the return is filed within due date or not, the date on which such returns are filed would be the Relevant Date for issuance of Show Cause Notice

2.4 Determination of Relevant Date for issuance of Show Cause Notice under Section 11A where only interest is to be recovered

Clause (vi) has been inserted in Explanation 1 of Section 11A providing that the Relevant Date for issuance of Show Cause Notice under Section 11A where only interest is to be recovered would be the **date of payment of duty to which such interest relates**.

Section 11A dealing with recovery of duties not levied or not paid or short-levied or short-paid or erroneously refunded not applicable to cases where the liability of duty not paid or short-paid is self-assessed and declared as duty payable by the assessee in the periodic returns filed by him as specific provision inserted for such cases.

2.5 Waiver of Penalty on payment of Excise Duty not paid for any reason other than the reasons of collusion or any wilful mis-statement or suppression of facts, along with Interest within 30 days from the date of receipt of the Show Cause Notice

Section 11AC has been substituted to provide that maximum penalty imposable for non-payment of Excise Duty due to any reason **other than** the reasons of collusion or any wilful mis-statement or suppression of facts would be **10% of the duty so determined or INR 5000/- whichever is greater**. [Section 11AC(1)(a)]

A proviso has been inserted to Section 11AC(1)(a) stating that **no penalty would be leviable** on the assessees who have paid Excise Duty [unpaid for any reason other than the reasons of collusion or any wilful mis-statement or suppression of facts], **along with Interest either before the Show Cause Notice or within 30 days from the date of receipt of the Show Cause Notice.**

If the duty so determined along with interest is paid within 30 days from the date of receipt of the Order-In-Original, the penalty payable shall be **25% of the penalty so determined in Order**. If the duty amount gets reduced in any appellate proceeding, then penalty amount shall also stand modified accordingly, and benefit of reduced penalty shall be admissible **if duty, interest and reduced penalty is paid within 30 days of such appellate order.**

2.6 Concessional Penalty on payment of Excise Duty not paid for reasons of collusion or any wilful mis-statement or suppression of facts, along with Interest within 30 days from the date of receipt of the Show Cause Notice

Section 11AC has been substituted to provide that penalty imposable for non-payment of Excise Duty due to reasons of collusion or any wilful mis-statement or suppression of facts would be **15% of the duty demanded**, where any duty demanded in a show cause notice and the interest payable thereon under section 11AA, issued is paid within thirty days of the communication of show cause notice.

If the duty so determined along with interest is paid within **30 days from the date of receipt of the Order-In-Original**, **penalty payable shall be 25% of the penalty so determined**, provided that such reduced penalty is also paid within 30 days of the date of communication of such order.

If the duty amount gets reduced in any appellate proceeding, then penalty amount shall also stand modified accordingly, and benefit of reduced penalty shall be admissible if duty, interest and **reduced penalty is paid within 30 days of such appellate order**.

2.7 **Proviso to clause (C) of section 31 relating to the provisions of Settlement Commission is being amended** so 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**.

2.8 **Proviso to sub-section (3) of Section 32 has been omitted -** The proviso to sub-section (3) of Section 32 provides that where a Member of the CBEC is appointed as the Chairman, Vice Chairman or Member of the Settlement Commission, he shall cease to be a member of the Board. As per the amended Customs and Central Excise Settlement Commission (Recruitment and Conditions of Service of Chairman, Vice Chairman and Members) Rules, 2000, Members of the Board are not eligible to be Member of the Settlement Commission. **Hence, the proviso is redundant and has been proposed to be omitted.**

2.9 **Amendment in Section 32B -** Section 32B has been proposed to be amended vide Clause 95 of the Finance Bill, 2015 so as to enable Vice Chairman or Member of the

Settlement Commission to officiate as Chairman in the absence of the Chairman of the Settlement Commission.

2.10 Retrospective Exemption on payment of Excise Duty on railway or tramway track construction material of iron and steel

Sl. No. 205A inserted in Notification No. 12/2012-CE dated 17-03-2012 **exempting 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. **This exemption has been proposed to make applicable retrospectively for the period from 17-03-2012 to 02-02-2014**. Refund shall be made of all such duty of excise which has been collected but which would not have been so collected, had the notification been in force at all material times, subject to the provisions of section 11B of the Excise Act.

3.0 Amendments to the CENVAT Credit Rules, 2004

[No. 6/2015-Central Excise (N.T.) dated 01-03-2015, effective from 1st March, 2015, unless otherwise stated]

3.1 CENVAT Credit on inputs and capital goods may be taken on receipt of goods in the premises of the job worker [Amendment in Rule 4(1) and Rule 4 (2) of CENVAT Credit Rules, 2004]

Rule 4(1) of the CENVAT Credit Rules, 2004 has been amended to provide that **CENVAT Credit of inputs received in the factory of the job-worker may be availed immediately by the manufacturer or the provider of output service** in case the goods are sent to the premises of the job-worker on the direction of the manufacturer or or the provider of output service.

Similar amendment has been carried out in Rule 4(2)(a) of the CENVAT Credit Rules, 2004 **wherein CENVAT Credit can be taken on Capital Goods [subject to the limit of availment of 50% of the credit in the year of purchase] received by the job-worker may be availed immediately by the manufacturer or the provider of output service,** if the said capital goods are sent to the premises of the job-worker on the direction of the manufacturer or the provider of output service.

3.2 Extension of time limit for taking CENVAT Credit on Inputs & Input Services from six months to one year from the date of issue of Invoice or any other documents specified in Rule 9(1) [Amendment in Proviso to Rule 4(1) of CENVAT Credit Rules, 2004]

The Hon'ble Mumbai Tribunal in the case of **Shayona Pulp Conversion Mills Pvt. Ltd.** has held that CENVAT Credit must be taken within **one year from receipt of inputs**. Earlier, the CENVAT Credit Rules, 2004 did not lay down any time limit for availment of CENVAT Credit on Inputs and Input Services. However, in the last budget a time limit of six months of the date of issue of Invoice was provided for availing CENVAT Credit on Inputs as well as Input Services.

In order to avoid the difficulties suffered by the Trade in maintaining a proactive and vigilant internal control system for availing CENVAT Credit and to avoid unnecessary leakage of CENVAT benefit, **the aforesaid time limit for availing CENVAT Credit on Inputs as well as Input Services has been extended from 6 months to one year**.

3.3 Changes in conditions and timeline for receipt of inputs and capital goods from the premises of the job-worker on which CENVAT Credit may be availed [Amendment in Rule 4(5) of CENVAT Credit Rules, 2004]

The existing provisions of CENVAT Credit Rules, 2004 provide for availment of CENVAT credit on inputs and capital goods sent to the premises of the job-worker as such or after being partially processed for further processing and received by the manufacturer or service provider within a period of 180 days. The aforesaid provisions, contained in clause (5) of Rule 4 has been substituted to provide for the following –

- CENVAT credit of inputs and capital goods shall be allowed even if such inputs or capital goods have been directly sent to the job-worker without being first brought to the premises of the manufacturer or service provider;
- CENVAT Credit of inputs shall be allowed in case goods are sent to a job worker and subsequently to another job-worker for further processing; and
- The time limit for receiving back of capital goods by the manufacturer or service provider shall be two years; though the time limit for inputs shall continue to remain as 180 days.

3.4 Changes in conditions for availment of CENVAT Credit on input services [Amendment in Rule 4(7) of CENVAT Credit Rules, 2004]

Following amendments have been made for availment of CENVAT Credit on input services –

- The existing provisions allow availment of CENVAT Credit after payment of service tax in case of services involving complete reverse charge. The provision has been further extended to include services involving partial reverse charge. For instance, in case of works contract services, the service recipient may avail credit after payment to the service provider and after discharging his own tax liability as service recipient;

- The existing provisions allow an input service receiver to avail CENVAT Credit of an input service taxable under the partial reverse charge mechanism, once the entire billed amount has been paid to the service provider. The aforesaid provision has been amended that CENVAT Credit of such input service shall be available only if the payment to the service provider has been made within a period of 3 months. In case, the invoice remains unpaid at the end of the said period, the service receiver shall be liable to pay the amount of service tax payable by the provider of service. Subsequent to such payment, the service receiver may again take the CENVAT Credit on the same;

3.5 Providing the definition of 'export goods' for the purpose of refund [Rule 5(1A) of CENVAT Credit Rules, 2004] - The term 'export goods' has been defined to mean any goods which are to be taken out of India to a place outside India. The definition of export goods was not earlier stated in the said Rule.

3.6 Inclusion of value of non-excisable goods for the purpose of calculation of amount of CENVAT Credit to be reversed where the manufacture produces both excisable and exempted goods [Rule 6 of CENVAT Credit Rules, 2004]

Where the manufacturer produces both excisable and exempted goods, he is liable to reverse the amount of CENVAT Credit taken on inputs used in the manufacture of exempted final products. For the purpose of this rule, the terms exempted or final products shall include non-excsiable goods cleared from the factory for a consideration. The value of such goods shall be the invoice value and where such value is not available, be the value as determined in accordance with the principles of valuation.

3.7 CENVAT Credit on invoices issued by registered importers [Rule 9(4) of CENVAT Credit Rules, 2004]

The CENVAT credit in respect of input or capital goods purchased from a first stage dealer or second stage dealer shall be allowed only if such first stage dealer or second stage dealer, as the case may be, has maintained records indicating the fact that the input or capital goods was supplied from the stock on which duty was paid by the producer of such input or capital goods and only an amount of such duty on pro rata basis has been indicated in the invoice issued by him. **Such Rule has been equally made applicable to Cenvatable Invoices issued by Registered Importers.**

3.8 Rule 14 containing provisions for Recovery of CENVAT credit wrongly taken or erroneously refunded amended

Rule 14 amended to also provide for recovery of **CENVAT Credit taken but not utilized** and the provisions of 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.

In such cases, 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 utilized first; (ii) credit admissible in terms of these rules taken during the month has been utilised next; and (iii) credit inadmissible in terms of these rules taken during the month has been utilised thereafter.**

4.0 Amendments to the Central Excise Rules, 2002

[Effective from 1st March, 2015, unless otherwise stated]

4.1 Penalty payable under Rule 8(3A) is liable to recovered under provisions of section 11 of the Act [Rule 8(4) of the Central Excise Rule, 2002 amended]

[No. 8/2015-Central Excise (N.T.) dated 01-03-2015]

Rule 8(4) of the Central Excise Rule, 2002 has been amended to **include Penalty payable under Rule 8(3A) of the Central Excise Rule, 2002** [If the assessee fails to pay the duty as declared in the return within a period of one month from the due date, penalty payable @ 1% on such amount of the duty not paid, for each month or part thereof] to be **recovered under provisions of section 11 of the Act**

4.2 <u>Daily Stock Account may be maintained in electronic form [Rule 10 (4) & (5) inserted in Central Excise Rules, 2002]</u>

[No. 8/2015-Central Excise (N.T.) dated 01-03-2015]

Sub rule (4) & sub-rule (5) has been inserted in Rule 10 of the Central Excise Rules, 2002 **opening the doors for maintaining the Daily Stock Account** [the only record to be kept by assesses mandatorily in physical form] **in electronic form** subject to the condition that each page of the Daily Stock Account has to be authenticated by means of a digital signature.

4.3 <u>Details in Excise Invoice in case goods are dispatched somewhere else [Provisos inserted in Rule 11 of the Central Excise Rules, 2002]</u>

[No. 8/2015-Central Excise (N.T.) dated 01-03-2015]

In view of the widely prevalent trade practice of direct dispatch of goods to the job-worker's/ buyer's/ any other person's premises without actual receipt of goods by the manufacturer or provider of output service/ importer/ registered dealer, it has been notified that the invoice or the bill of entry, as the case may be, accompanying such goods shall include the **details of the manufacturer/ importer/ registered dealer as well as the details of the job-worker/ buyer/ any other person as the consignee**.
It may also be noted that any person [other than job worker] who receives goods on the direction of the registered **dealer shall take CENVAT Credit on the basis of invoice of the registered dealer.**

Sub-Rule (8) has been inserted in Rule 11 of the Central Excise Rules, 2002 providing that **an invoice issued by the manufacturer in terms of Rule 11 may be authenticated by means of a digital signature.**

Where the duplicate copy of the invoice meant for transporter is digitally signed**, a hard copy of the duplicate copy of the invoice meant for transporter and self attested by the manufacturer shall be used for transport of goods.**

4.4 Levy of penalty on late filing of Excise Return and other specified Excise Statements [Rule 12 (6) and 17(5) inserted in Central Excise Rules, 2002]

[No. 8/2015-Central Excise (N.T.) dated 01-03-2015]

Earlier non-filing or late-filing of Excise Returns was **subjected to general penalty under Rule 27 of the Central Excise Rules, 2002,** which is punishable with a penalty, which may extend to five thousand rupees.

Sub Rule (6) has been inserted in Rule 12 of the Central Excise Rules, 2002 which penalize the assessess (including 100% Export Oriented Units) for failing to file the Excise Returns or Annual Financial Information Statement or Annual Installed Capacity Statement, as applicable, within the due dates as specified for every return or statement **with an amount calculated at the rate of one hundred rupees per day subject to a maximum of twenty thousand rupees.**

4.5 Expanding the definition of 'export' for the purpose of rebate [Explanation to Rule 18 of Central Excise Rules, 2002]

[No. 8/2015-Central Excise (N.T.) dated 01-03-2015]

The existing provisions of Rule 18 provide for rebate of duty in case of export. The term export has been restricted to mean goods shipped as provision for use on board or supplied to a foreign going aircraft. The term has been now expanded to include export of goods outside India as well.

4.6 Simplification of Central Excise Registration Process - Key Highlights

[No. 07/2015-Central Excise (N.T.) dated 01-03-2015]

- Paper Application Form as specified in Annexure-I to Notification No. 35/2001-C.E. (N.T.), dated 26-6-2001 totally done away with i.e. **Online Application for Registration to be mandatory filed with ACES website;**

- **Applicants other that government departments shall not be granted registration in absence of PAN** - Existing temporary registrants (i.e. Non Pan based registrants) shall apply online for conversion of temporary registration to PAN based registration within three months from the date of publication of this notification, failing which the temporary registration shall stand cancelled;

- Applicant shall **quote e-mail address and mobile number** in the application form - Existing registrants who have not submitted the aforesaid information shall submit an amendment application within three months from the date of publication of this notification;

- **Business transaction numbers** obtained from other Government departments or agencies such as Customs Registration No (BIN No), IEC, VAT/CST Number , CIN, Service Tax Registration Number **to be kept up to date in the Registration Certificate** - Existing registrants who have not submitted the aforesaid information shall submit an amendment application within three months from the date of publication of this notification;

- **Registration application shall be approved** by the Deputy Commissioner or Assistant Commissioner **within two days of the receipt of duly completed online application form**, pending post-facto verification of premises and documents by the authorized Officers – No signature of issuing authority required;

- The authorized officer shall **verify the premises physically within seven days** from the date of receipt of application through online and may sought rectification or clarification, on which action has to be taken within fifteen days of the receipt of intimation failing which the registration shall stand cancelled;

- **New Registration for the transferee in case of Transfer of Business or acquisition of factory**;

- **New Registration required in case of change in the Constitution of assessee leading in change of PAN**. In other cases, file online amendment application within thirty days of change; and

- **De-register through making an online application** in case of closure of business and application to be approved within thirty days, Where there are no dues pending recovery from the assessee

5.0 Scope of Advance Ruling further Expanded

[Vide Notification no. 11/2015-CE (NT) dated 01-03-2015 w.e.f. 1st March, 2015]

In the last year budget, the Central Government had included 'Resident Private Limited Company' as class of person's eligible to apply for Advance Ruling. In this year, in terms with power conferred by Section 23A(c)(iii), the Central Government has included the **'Residential Firm'** as class of person's eligible to apply for Advance Ruling.

The Firm includes (i) the limited liability partnership as defined in Section (2)(1)(n) of the Limited Liability Partnership Act, 2008; (ii) limited liability partnership which has no company as its partner; or (iii) the sole proprietorship; and (iv) One Person Company. **This amendment has been aimed to minimise disputes arising in future.**

6.0 Amendment to abatement prescribed from the percentage of retail sale price for the payment of Excise Duty

[No. 03/2015-Central Excise (N.T.) dated 01-03-2015 w.e.f. 01-03-2015]

SI No.	Item	Abatement for payment of Duty	Remarks
1	Condensed Milk in Unit Containers	30%	Item Added
2	Extracts, essences and concentrates of tea or mate [CETSH -2101 20]	30%	Item Added
3	All beverages and spirits expect for mineral waters and aerated waters	35%	Item Added
4	Footwear of retail sale price between Rs. 251/- to Rs 750/- per pair	25%	Earlier rate – 35%
5	All other Footwear	25%	Earlier rate – 40%
6	LED Lights or fixtures including LED Lamps falling under chapter 85/9405	35%	Item Added
7	Soya Milk Drinks, Fruit Pulp or Juice based drinks & Tender coconut water	-	Items deleted – Now fall under Sl. 3 above

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

[No. 09/2015-Central Excise (N.T.) dated 01-03-2015]

A manufacturer who intended to receive subject goods for specified use at concessional rate of duty had to earlier execute a general bond with surety or security. Now, the Rule has been amended to provide that **instead of general bond with surety or security, submitting letter of undertaking would be sufficient for manufacturers** against whom no show cause notice has been issued alleging willful non-payment or suppression of duty, 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, i.e. **manufacturers with clean track record**.

8.0 Restriction under Rule 12CCC of Excise Rules, 2002 and Rule 12 AAA of the Credit Rules, 2004 applied to Registered Importers also

[No. 10/2015-Central Excise (N.T.) dated 01-03-2015]

In terms with Notification No. 16/2014-C.E. (N.T.), dated 21-3-2014, where a manufacturer, first stage or second stage dealer, or an exporter including a merchant exporter is prima facie found to be knowingly involved in any of the acts such as removal of goods without the cover of an invoice and without payment of duty, issuing duty of excise invoice without delivery of goods specified in the said invoice etc. the Chief Commissioner of Central Excise may order for withdrawal of facilities or impose the restrictions as specified in this notification. **The said restrictions have been made applicable to Registered Importers also.**

B. SERVICE TAX

1.0 Rate of Service Tax

[Effective from a date to be notified by Central Government after enactment of Finance Bill]

For alignment of Service Tax Rate with GST Rate, it has been proposed to increase the rate of Service Tax **from 12% plus Education Cesses to 14%.** The 'Education Cess' and 'Secondary and Higher Education Cess' shall be subsumed in the revised rate of Service Tax. **Till the time the revised rate comes into effect, the 'Education Cess' and Higher Education Cess' will continue to be levied in the Service Tax.** The new Service Tax rate shall come into effect from a date to be notified by the Central Government after the enactment of the Finance Bill, 2015.

2.0 Amendments made to the Negative List

[Effective from date of enactment of Finance Bill, unless otherwise stated]

2.1 **The Negative List entry that covers "admission to entertainment event or access to amusement facility" has been proposed to be omitted [section 66D(j)]**. Consequently, the definitions of "amusement facility" [section 65B (9)] and "entertainment event" [section 65B(24)] are also being omitted [Effective from a date to be notified by Central Government after enactment of Finance Bill].

2.2 Presently, services provided by the Government or a Local Authority, excluding certain services specified under clause (a) of section 66D, are in the Negative List. An enabling provision is being made, by amending section 66D (a)(iv), to exclude all services from the Negative List. Accordingly, as and when this amendment is given effect to, **all services provided by the Government or local authority to a business entity**, except the services that are specifically exempted, or covered by any other entry in the Negative List, **shall be liable to Service Tax** [Effective from a date to be notified by Central Government after enactment of Finance Bill].

2.3 Service tax to be levied on service by way of carrying out any processes as job work for **production or manufacture of alcoholic liquor for human consumption**.

3.0 Other amendments in Finance Act

[Effective from date of enactment of Finance Bill, unless otherwise stated]

3.1 Insertion of /Amendment in Definition

(a) Government - Previously in the Finance Act'1994, the term "Government" was not defined which has given rise to interpretational issues. Therefore, to address such issues the definition is being incorporated in the act. For the sake of clarity, Government has been defined in Section 65B (26A) as:

"Government" means the Departments of the Central Government, a State Government and its Departments and a Union territory and its Departments, but shall not include any entity, whether created by a statute or otherwise, the accounts of which are not required to be kept in accordance with article 150 of the Constitution or the rules made thereunder;';

(b) Service - The definition of the term "service" amended with the intention to levy Service Tax on the services provided by the (a) Chit fund foreman by way of conducting a chit; and (b) Distributor or selling agents of lottery, as appointed or authorized by the organizing state for promoting, marketing, distributing, selling, or assisting the state in any other way for organizing and conducting a lottery.

Further, an explanation is being added in entry (i) of section 66D to specifically state that these activities are not covered by the Negative List.

(c) **Consideration** – The term 'consideration for a taxable service' shall include **all reimbursable expenditure or cost incurred and charged by the service provider** [this is against the well settled position of law, however, the intention of law is to include reimbursable expenditure in the value of taxable service]

3.2 Recovery of self-assessed Service Tax in the return furnished and pending to be paid [sub-section (1B) inserted in Section 73 of the Finance Act]

Sub-section (1B) inserted in Section 73 of the Finance Act providing that where the amount of service tax payable has been self-assessed in the return, but not paid either in full or in part, the same shall be recovered along with interest thereon in any of the modes specified in section 87, without service of notice.

3.3 **Waiver of Penalty on payment of Service Tax not paid for any reason other than the reasons of collusion or any wilful mis-statement or suppression of facts, along with Interest within 30 days from the date of receipt of the Show Cause Notice [Section 76(1) and (2) of the Finance Act]**

Section 76 (1) has been substituted to provide that maximum penalty imposable for non-payment of Service Tax due to any reason **other than** the reasons of collusion or any wilful mis-statement or suppression of facts would be **10% of the tax so determined**.

A proviso has been inserted to Section 76 (1) stating that **no penalty would be levied** on the assessees who have paid Service Tax [unpaid for any reason other than the reasons of collusion or any wilful mis-statement or suppression of facts], along with Interest within 30 days from the date of receipt of the Show Cause Notice.

If the tax so determined along with interest is **paid within 30 days from the date of receipt of the Order-In-Original**, penalty payable shall be **25% of the penalty determined**. If the tax amount gets reduced in any appellate proceeding, then penalty amount shall also stand modified accordingly, and **benefit of reduced penalty shall be admissible** if tax, interest and reduced penalty is paid within 30 days of such appellate order**.**

3.4 Concessional Penalty on payment of Service Tax not paid for reasons of collusion or any wilful mis-statement or suppression of facts, along with Interest within 30 days from the date of receipt of the Show Cause Notice [Section 78(1) and (2) of the Finance Act]

Section 78 has been substituted to provide that penalty imposable for non-payment of Service Tax **due to reasons** of collusion or any wilful mis-statement or suppression of facts would be **15% of the tax demanded**, where any tax demanded in a show cause notice and the interest payable thereon, issued is paid within thirty days of the communication of show cause notice.

If the tax so determined along with interest is paid within 30 days from the date of receipt of the Order-In-Original, penalty payable shall be **25% of the penalty** so determined, provided that such reduced penalty is also paid within 30 days of the date of communication of such order. If the tax amount gets reduced in any appellate proceeding, then penalty amount shall also stand modified accordingly, **and benefit of reduced penalty shall be admissible** if tax, interest and reduced penalty is paid within 30 days of such appellate order.

3.5 Section 80 providing waiver of Penalty under Section 76 and Section 78 for any failure, if the assessee proves that there was reasonable cause for the said failure - OMITTED

3.6 Order relating to a service which is exported, has been passed under Section 85 and the matter relates to grant of rebate of service tax on input services, or rebate of duty paid on inputs, used in providing such service – to be dealt in terms with Section 35EE of the Central Excise Act, 1944 i.e. Revision Application to be filed before the Central Government i.e. no appeal lies before Tribunal

4.0 Swachh Bharat Cess

[Effective from a date to be notified by Central Government after enactment of Finance Bill]

An enabling provision is being made to empower the Central Government to impose a Swachh Bharat Cess on all or any of the taxable services at a rate of 2% of the value of such taxable services with the objective of financing and promoting Swachh Bharat initiatives

5.0 Amendment made in Service Tax Rules, 1994

5.1 Simplification of Service Tax Registration Process - Key Highlights

[Order No. 1/2015-Service Tax dated 28-02-2015]

- **Online Application for Registration to be mandatory filed with ACES website;**
- **Applicants other that government departments shall not be granted registration in absence of PAN** - Existing temporary registrants (i.e. Non Pan based registrants) shall apply online for conversion of temporary registration to PAN based registration within three months from the date of publication of this notification, failing which the temporary registration shall stand cancelled;
- Applicant shall **quote e-mail address and mobile number** in the application form - Existing registrants who have not submitted the aforesaid information shall submit an amendment application by 30-04-2015;

- **Registration application shall be granted within two days of the receipt of duly completed online application form**, thus initiating **trust-based registration -** No signature of issuing authority required;

- **Submit self attested copy of the following documents by registered post/ Speed Post to the concerned Division, within 7 days of filing the Form ST-1 online** – (i) Copy of PAN Card; (ii) Photograph and proof of identity of the person filing the application; (iii) Document to establish possession of the premises to be registered; (iv) Details of the main Bank Account; (v) Memorandum/Articles of Association/List of Directors; (vi) Authorisation by the Board of Directors/Partners/Proprietor for the person filing the application; & (vii) **Business transaction numbers** obtained from other Government departments or agencies such as Customs Registration No (BIN No), IEC, VAT/CST Number , CIN, Excise Registration Number, which have been issued prior to the filing of the service tax registration application.

5.2 Other amendments made in Service Tax Rules, 1994

[Notification No. 5/2012-Service Tax dated 01-03-2015]

- **<u>Authentication by digital signature</u> -** Any invoice, bill or challan or consignment note may be authenticated by means of a digital signature;

- **<u>Preservation of Records</u> -** Records may be preserved in electronic form and every page of the record so preserved shall be authenticated by means of a digital signature;

- **<u>Rule 6(6A) which provided for recovery of service tax self-assessed and declared in the return under section 87 is being omitted</u>** consequent to the amendment in section 73 for enabling such recovery. [Effective from date of enactment of the Finance Bill, 2015];

- **<u>Change in rate of payment of Service Tax under composition scheme</u>** for Air Travel Agent [Rule 6(7)], Life Insurer [Rule 7A]; Foreign Currency Dealer [Rule 7B] and lottery distributor or selling agent [Rule 7C] [Effective from date of as to be notified by the Central Government]

6.0 Amendment made in existing Exemption Notification

[Vide Notification no.04/2015-ST dated 01-03-2015 and Notification no .06/2015-ST dated 01-03-2015, effective from 01-04-2015]

Exemptions Added:

- Service provided to an exporter for transport of the said goods by goods transport agency in a goods carriage from any container freight station or inland container depot to the **Land Custom Station**, from where the goods are exported;

- Service provided to an exporter in relation to transport of the said goods by goods transport agency in a goods carriage directly from their place of removal, to **Land Custom Station**, from where the goods are exported;

- Service provided by operator of Common Effluent Plant by way of treatment by effluent;

- Service provided by way of pre – conditioning, ripening, waxing, retail packing, labeling of fruits and vegetables which do not change or alter the essential characteristics of the said fruits or vegetables;

- Services provided by way of admission to museum, national park, wildlife sanctuary, tiger reserve or zoo;

- Services provided for exhibition of movie by an exhibitor to the distributor or association of persons where the exhibitor is one of the member of the association;

- Services provided by way of transportation of a patient to and from clinical establishments by a clinical establishment and is hence not liable to service tax;

- Life insurance service being provided by way of Varishtha Pension Bima Yojna;

- Services provided by way of right to admission to (a) exhibition of cinematographic film, circus, dance, or theatrical performance including drama or ballet; (b) recognised sporting event; and (c) award function, concert, pageant, musical performance or any sporting event other than recognised sporting event where the consideration for admission is upto INR 500/- per person;

Exemptions Withdrawn:

- Services provided by mutual fund agent to a mutual fund or Asset Management Company;
- Services provided by distributor to a mutual fund or AMC;
- Service provided by selling or marketing agent of lottery ticket to a distributor;
- Service provided by way of making telephone calls from (a) Departmentally run public telephone; (b) Guaranteed public telephone operating only local calls; and (c) telephone at airport and hospital, where no bill is issued.

Exemptions Amended:

- Exemption on specified services of construction, erection, commissioning restricted to (a) historical monument, archaeological site or remains of national importance, archaeological excavation or antiquity; (b) canal, dam or other irrigation work; (c) pipeline, conduit or plant for water supply, water treatment, sewerage treatment or disposal;
- Services provided by performing artist in folk or classical art form of (a) music, or (b) dance, or (c) theatre, where amount charged as consideration exceeds INR 1,00,000/-;
- Exemption available on the transportation of food stuff vide rail, road or vessel restricted to milk, salt and food grains including flours, pulses and rice; and
- Service Tax to be levied for carrying out any process amounting to manufacture of alcoholic liquor for human consumption. In this context, "Process amounting to manufacture" has been amended and excludes intermediate production of alcoholic liquor for human consumption from its scope.

7.0 Amendment in Reverse Charge Mechanism

[Vide Notification no. 7/2015-ST dated 01-03-2015 w.e.f. 1st March 2015, unless otherwise stated]

- Services provided by agreed to be provided by a mutual fund agent or distributor, to a mutual fund or asset management company – **100% Service Tax would be payable by Service Recipient** [Applicable from 1st April, 2015] - Exemptions are being withdrawn on the following service;

- Services provided or agreed to be provided by a selling or marketing agent of lottery tickets to a lottery distributor or selling agent - **100% Service Tax would be payable by Service Recipient** [Applicable from 1st April, 2015] - Exemptions are being withdrawn on the following service;

- Any Services provided or agreed to be provided Government or local authority except for service of renting of immovable property and services provided as specified in the Negative list, to any business entity – **100% Service Tax would be payable by Service Recipient** [Applicable from 1st April, 2015] – **Earlier only business support services rendered by Government or local authority was covered under the Reverse Charge Mechanism** - Consequently, the definition of "support service" [section 65 B (49)] is being omitted, Accordingly, as and when this amendment is given effect to, all services provided by the Government or local authority to a business entity, except the services that are specifically exempted, or covered by any another entry in the Negative List, shall be liable to service tax;

- Services provided or agreed to be provided by a person involving an aggregator in any manner – **100% Service Tax would be payable by Service Recipient** [Applicable from 1st March, 2015] – "Aggregator" means a person, who owns and manages a web based software application, and by means of the application and a communication device, enables a potential customer to connect with persons providing service of a particular kind under the brand name or trade name of the aggregator - 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.

8.0 Amendment in percentage of Taxable Portion and the conditions for availing the exemption therein

[Vide Notification no.08/2015-ST dated 01-03-2015 w.e.f. 01-04-2015]

Sl. No.	Description of Taxable Service	Earlier Taxable Value	Amended Taxable Value	Conditions
1	Transport of goods by rail	30%	30%	**Condition inserted -** No CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has been taken
2	Transport of passengers by rail	30%	30%	Same as above
3	Transport of passengers by air, in Economy Class	40%	40%	No Change
4	Transport of passengers by air, in other Class	40%	60%	No Change
5	Services of goods transport agency for transportation of goods	25%	30%	No Change
6	Services provided in relation to chit	70%	100%	Omitted from the Exemption Notification
7	Transport of goods in a vessel	40%	30%	No Change

9.0 Scope of Advance Ruling further Expanded

[Vide Notification no. 09/2015-ST dated 01-03-2015 w.e.f. 1st March, 2015]

In the last year budget, the Central Government had included 'Resident Private Limited Company' as class of person's eligible to apply for Advance Ruling. In this year, the Central Government has included the **'Residential Firm'** as class of person's eligible to apply for Advance Ruling.

The Firm includes (i) the limited liability partnership as defined in Section (2)(1)(n) of the Limited Liability Partnership Act, 2008; (ii) limited liability partnership which has no company as its partner; or (iii) the sole proprietorship; and (iv) One Person Company. This amendment has been aimed to minimise the disputes arising in future.

C. CUSTOMS DUTY

1. Amendments in Customs Tariff Act

1.1 General

- Peak rate of BCD retained at 10%

1.2 Change in Basic Custom Duty

Sl. No.	Description	Pre Budget (%)	Post Budget (%)
1	Ulexite Ore [Newly inserted]	5%	2.5%
2	Bituminous coal [Tariff Rate reduced from 55% to 10%]	2.5%	2.5%
3	Metallurgical Coke	2.5%	5%
4	Liquefied Butanes	5%	2.5%
5	Sulphuric Acid	7.5%	5%
6	Isoprene	5%	2.5%
7	Styrene, ethylene dichloride and Vinyl Chloride Monomer	2.5%	2%
8	Anthraquinone	7.5%	2.5%
9	Butyl Acrylate	7.5%	2.5%
10	Iron and Steel (Chapter 72) & Iron and Steel Items (Chapter 73)	10%	15%
11	Antimony Metal and antimony waste and scrap	5%	2.5%
12	C- Block Compressor, Crank Shaft and Over Load Protector (OLP) & Positive thermal co-efficient for use in the manufacture of Refrigerator compressors	7.5%	5%
13	Specified components of CNC Lathe machines and Machining Centres, namely Ball screws, Linear Motion Guides and CNC Systems	7.5%	5%
14	Ceria zirconia compounds, cerium compounds, and zeolite	7.5%	5%
15	Parts and components of cash dispenser and automatic bank note dispensers	-	Exempted
16	Evacuated tubes with three layers of solar selective coating	-	Exempted
17	Parts, components and accessories for use in the manufacture of tablet computer	-	Exempted

Sl. No.	Description	Pre Budget (%)	Post Budget (%)
18	High Density Polyethylene for manufacture of grade optical fibres (telecommunication)/optical fibre cables	-	Exempted
19	Water Blocking Tape, Ethylene–propylene–non-conjugated diene rubber (EPDM) and Mica glass tape	10%	7.5%
20	Metal parts for use in manufacture of electrical insulators	10%	7.5%
21	Organic LED (OLED) TV panels	10%	Exempted
22	Black Light Unit Module also for manufacture of LCD/LED TV panels	-	Exempted
23	Magnetron	5%	Nil
24	Vehicles falling under headings 8702 or 8704 (commercial vehicles) in a Completely Knocked Down (CKD) kit	10%	10%
25	Vehicles falling under headings 8702 or 8704 (commercial vehicles) in any other Form	10%	20%
26	Electrically operated vehicles including in CKD condition, for transport of persons	10%	10%
27	Raw Materials for use in the manufacture of Pacemakers	-	Exempted
28	Raw Materials for use in the manufacture of Flexible medical video endoscope	-	Exempted
29	Artificial hearts (left ventricular assist device)	-	Exempted
30	Life saving drugs and medicines imported by an individual for personal use	-	Exempted
31	Goods imported for setting up a Mega Power Project	-	Exempted

1.3 Change in Export Duty Rate

Sl. No.	Description	Pre Budget	Post Budget
1	Ilmenite	5%	2.5%

1.4 Change in Scheduled rate of Additional Duty of Customs

Sl. No.	Description	Pre Budget	Post Budget
1	Motor Spirit [Petrol]	Rs. 2/litre	Rs. 8/litre
2	High Speed Diesel Oil [Road Cess]	Rs. 2/litre	Rs. 8/litre

1.5 Change in CVD

Sl. No.	Description	Post Budget
1	Parts, components and accessories for use in the manufacture of tablet computer	Exempted
2	Artificial hearts (left ventricular assist device)	Exempted
3	Life saving drugs and medicines imported by an individual for personal use	Exempted
4	Goods imported for setting up a Mega Power Project	Exempted
5	Specified goods imported for use by Security Printing and Minting Corporation of India	Exempted

1.6 Change in Special Additional Duty

Sl. No.	Description	Pre Budget	Post Budget
1	Naphtha	4%	2%
2	Styrene, ethylene dichloride and Vinyl Chloride Monomer	4%	2%
3	Melting scrap of iron or steel, stainless steel scrap for the purpose of melting, copper scrap, brass scrap and aluminium scrap	4%	2%
4	All goods [except populated PCBs] for use in the manufacture of ITA bound goods	-	Exempted
5	All inputs for use in the manufacture of LED driver and MCPCB for LED lights and Fixtures & LED Lamps	-	Exempted
6	Specified goods imported for use by Security Printing and Minting Corporation of India	-	Exempted

2.0 Amendments to the Customs Act, 1962

[Effective from date of enactment of Finance Bill, unless otherwise stated]

2.1 Waiver of Penalty on payment of Custom duty not paid for any reason other than the reasons of collusion or any wilful mis-statement or suppression of facts, along with Interest within 30 days from the date of receipt of the Show Cause Notice

A proviso has been inserted to Section 28(2) of the Customs Act stating that **no penalty would be levied** on the assessees who have paid Custom duty [unpaid for any reason other than the reasons of collusion or any wilful mis-statement or suppression of facts], along with Interest **within 30 days from the date of receipt of the Show Cause Notice**.

2.2 Penalty reduced from 25% to 15% on payment of Custom duty not paid due to collusion or any wilful mis-statement or suppression of facts, along with Interest within 30 days from the date of receipt of the Show Cause Notice

Section 28(5) of the Customs Act has been amended to **reduce the penalty from 25% to 15%** on payment of Custom duty not paid due to collusion or any wilful mis-statement or suppression of facts, along with Interest within 30 days from the date of receipt of the Show Cause Notice.

Further, an explanation has been inserted in Section 28 of the Customs Act stating that the proceedings in respect of any case under Section 28(1) [SCN issued for non-payment of duty without any wilful intent] and Section 28(4) [SCN issued for non-payment of duty with wilful intent] but an order has not been passed before the date on which the Finance Bill, 2015 receives the assent **would be deemed to be concluded, if the payment of duty, interest and penalty [only under Section 28(4)] is made in full within thirty days from the date on which such assent is received.**

2.3 Maximum Penalty reduced to 10% from 100% on improper importation of dutiable goods or possession of dutiable goods, other than prohibited goods which is liable to be confiscated under Section 111

In terms with amendment in Section 112 (b)(ii) of the Customs Act, penalty on improper importation of dutiable goods or possession of dutiable goods, other than prohibited goods, which is liable to be confiscated under Section 111, **reduced from 100% of duty sought to evaded to 10%.** Further, if the duty and interest is paid within thirty days from the date of communication of the order, penalty payable shall be 25% of the penalty determined.

The same provision of reduction of penalty has been also borrowed in Section 114 of Customs Act, which deal in Penalty for attempt to export goods improperly.

2.4 **Proviso to clause (b) of section 127A relating to the provisions of Settlement Commission is being amended** so 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**.

2.5 Scope of Advance Ruling further Expanded

[Vide Notification no. 27/2015-Cus (NT) dated 01-03-2015 w.e.f. 1st March, 2015]

In the last year budget, the Central Government had included 'Resident Private Limited Company' as class of person's eligible to apply for Advance Ruling. In this year, in terms with power conferred by sub-clause (iii) of clause (c) of Section 28E of the Customs Act, 1962, the Central Government has included the **'Residential Firm'** as class of person's eligible to apply for Advance Ruling.

The Firm includes (i) the limited liability partnership as defined in Section (2)(1)(n) of the the Limited Liability Partnership Act, 2008; (ii) limited liability partnership which has no company as its partner; or (iii) the sole proprietorship; and (iv) One Person Company. This amendment has been aimed to minimise the disputes arising in future.

D. GOODS AND SERVICES TAX

Finance Minister Mr. Arun Jaitley while presenting his maiden Full – Year Budget said the Goods & Service tax (GST) will put in place a state-of-the-art indirect tax system by **1st April, 2016.**

"I have already introduced the Bill to amend the Constitution of India for Goods and Services Tax (GST) in the last Session of this august House. **GST is expected to play a transformative role in the way our economy functions**. It will add buoyancy to our economy by developing a common Indian market and reducing the cascading effect on the cost of goods and services. **We are moving in various fronts to implement GST from the next year**" he said while presenting the Union Budget for 2015-16.

As part of the movement towards GST, the Education Cess and the Secondary and Higher Education Cess has been subsumed in Central Excise duty. **In effect, the general rate of Central Excise Duty of 12.36% including the cesses is being rounded off to 12.5%.**

To facilitate a smooth transition to levy of tax on services by both the Centre and the States, it is proposed to increase **the present rate of service tax plus education cesses from 12.36% to a consolidated rate of 14%.**

Touted as the single-biggest indirect taxation reform since independence and a "win-win" for Centre and states, **the 122nd Constitution Amendment Bill for GST was tabled in the last Winter Session** after extensive discussions to get states on board by addressing their concerns**. The next call of action on GST** would be appointment of a **new chairman for the empowered committee on GST**. After the new chairman comes in, endevour would be made to pass the Constitutional amendment Bill in the Budget session. Once, the government is able to do so, it will then have to invite comments from the industry and the trade unions, which will then be taken to the GST Council, headed by the finance minister himself.

GST is expected to bring a number of benefits to the Indian economy. The most important of all is that it would provide seamless flow of credits across the supply chain for businesses. Since supply of both goods and services would now be charged to GST, a supplier of services will now be eligible to take credit of the GST paid on goods. Further, the reverse will apply to a trader of goods as well. This will be a big change since presently State VAT and Central service tax / excise duty paid on inputs are costs for service providers and traders respectively. This will lead to efficiency and should ultimately transform into reduction in prices of goods and services. Another important benefit is that it will simplify the current indirect tax structure by doing away with the multiplicity of taxes. There will be a common GST compliance which will be done by all kinds of businesses, whether manufacturers, service providers, traders etc. Other advantages include simplification of tax ..

Further to make the "Make in India" drive effective, it is imperative that the cost of production in India is optimised and with the implementation of GST, multiple incidence of taxes and leakages on account of unavailability of tax credits, can be eliminated. This will assist in bringing down the production costs and also facilitate ease of doing business, **hence implementation of GST has to be expedited through clear and time bound roadmap.**

The deadline for the government to adhere to the target of implementation of the GST by April 1, 2016, however, seems to be a daunting challenge for the government as it will have to get the Constitution Amendment Bill passed in Lok Sabha and also get it cleared in 15 state legislative assemblies to move forward.

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