Budget 2016

Key Features

Dhiren H Pandya & Associates

Chartered Accountants

29 February 2016

Head Office: 204, Mahalaya Complex, Off C.G.Road, Swastik cross roads, Navrangpura, Ahmedabad – 380009 URL:www.dhpa.in

Contents

Prepared by Dhiren H Pandya & Associates, for client service and internal use only.
This document summarizes the key indicator of Budget Performance and key proposals of the Finance Bill 2016.
However, this publication is not intended to give legal, tax, accounting or other professional advice
Expert guidance may be sought before acting upon the proposals.

Economic Performance & Budget Financials

Economic Performance

Key Indicators

Particulars	2012-13	2013-14	2014-15	2015-16
Growth in %				
-GDP (factor cost, constant prices) [$]	5.6[2R]	6.6[2R]	7.2[1R]	7.6[AE]
-Agriculture & allied sectors (factor cost, constant prices)[$$]	1.5[2R]	4.2[2R]	-0.2[1R]	1.1[AE]
-Index of Industrial Production [a]	1.1	-0.1	2.8	3.1[f]
Imports (at current prices, in USD billion)	490.7	450.2	448.0	295.8 [P]
Export (at current prices, in USD billion)	300.4	314.4	310.3	196.6 [P]
Inflation in % (in terms of WPI)	7.4	6.0	2.0	-2.8[c]
Forex reserves (in USD billion) [b]	292.0	304.2	341.6	349.6
Exchange rate (INR/USD) (annual average) [c]	54.40	60.51	61.14	65.03[c]

[1R] First Revised Estimate [2R] Second Revised Estimate [AE] Advance Estimates [P] Provisional (April to Dec) [$] GDP at Factor cost at 2011-12 prices [f] April To December 2015-16 [a] Base 2004-05=100. [$$] Growth at constant price at 2011-12 Prices [C] April To January 2015-16

[b] Figures of 2012-13 To 2014-15 Relate to end of financial year and the figure of 2015-16 is at end January 2016.

Budget Financials

Key Budget Financials

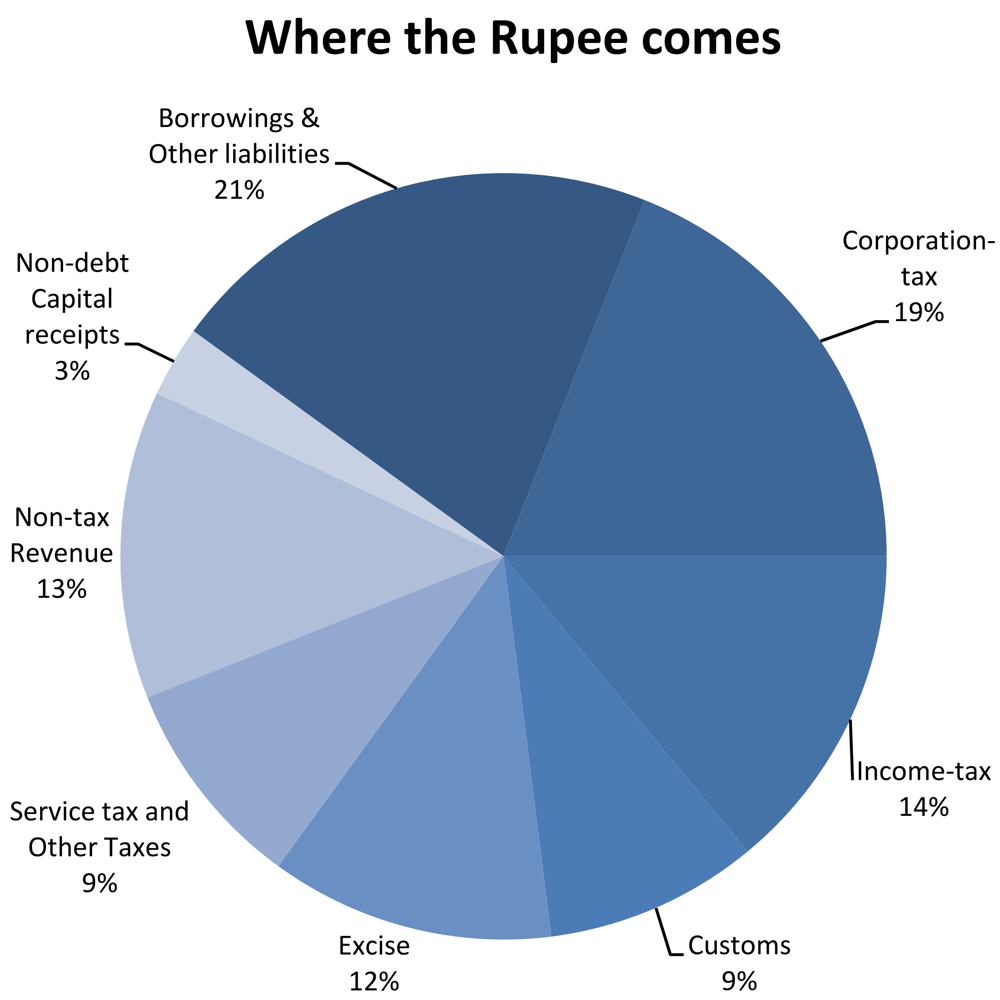
(₹ in Crores)

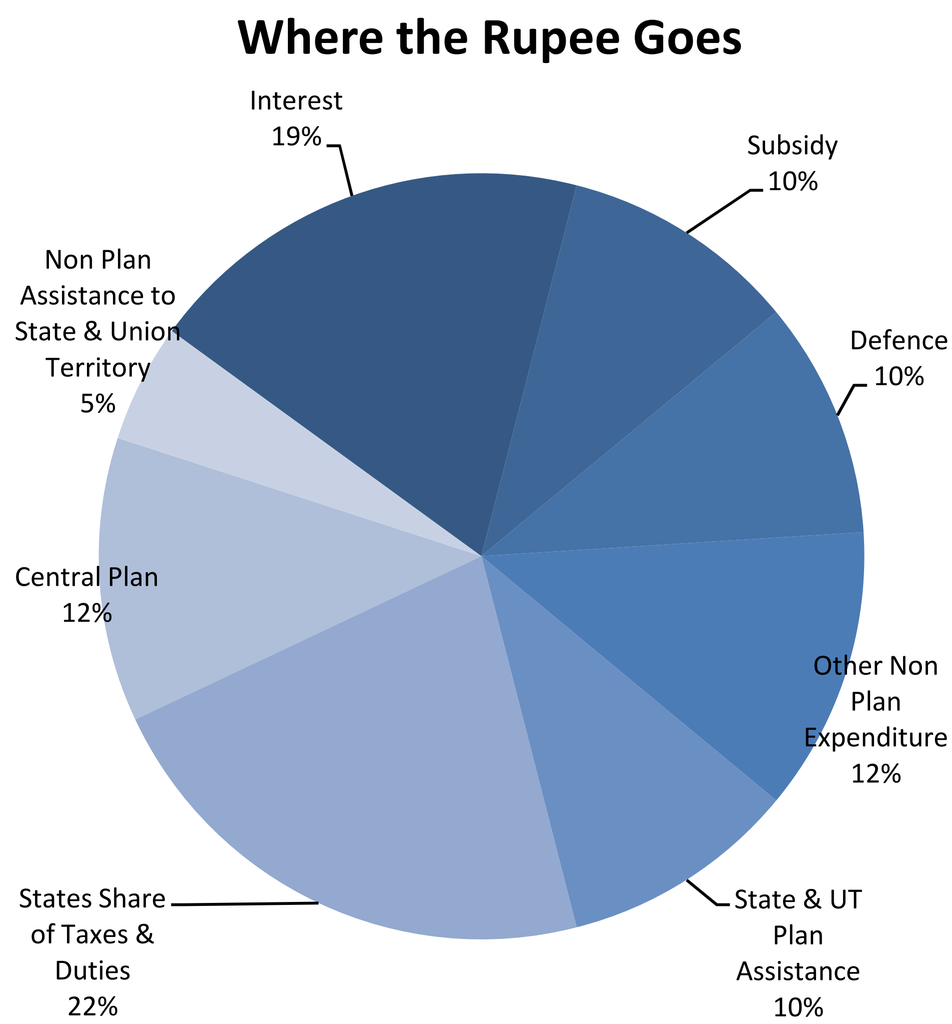
Particulars	2014-15 Actual	2015-16 (B.E.)	2015-16 (R.E.)	2016-17** (B.E.)
1. Revenue Receipt	1101472	1141575	1206084	1377022
2.Capital Receipts$	562201*	635902*	579307*	601038*
3.Total Receipt (1+2)$	1663673	1777477	1785391	1978060
4.Non Plan Expenditure	1201029	1312200	1308194	1428050
5. Plan Expenditure	462644	465277	477197	550010
6. Total Expenditure(4+5)	1663673	1777477	1785391	1978060
7. Revenue Expenditure	1466992	1536047	1547673	1731037
8. Capital Expenditure	196681	241430	237718	247023
9. Revenue Deficit(7-1) As a percentage of GDP	365519 2.9%	394472 2.8%	341589 2.5%	354015 2.3%
10.Fiscal Deficit{6-(1+Recoveries of Loan + Other receipts)} As a percentage of GDP	510725 4.1%	555649 3.9%	535090 3.9%	533904 3.5%
11. Primary Deficit (10- Interest Payments) As a Percentage of GDP	108281 0.9%	99504 0.7%	92469 0.7%	41234 0.3%

B.E. Budget Estimate, R.E. Revised Estimate ~ Actual for 2014-15 in this documents are provisional.
**GDP for BE 2016-17 has been projected at ₹ 15065010 crore assuming 11% growth over the advance estimates of 2015-16 (₹ 13567192 crore) released by CSO.
* It includes draw down of Cash Balance. $ Excluding receipts under market stabilization scheme (MSS).

Budget Financials

Where the Rupee comes from & Where the rupee goes to





Key Policy Announcements

Infrastructure

- Total outlay for infrastructure of ₹ 2,21,246 Crore
- New credit rating system for infrastructure projects to be introduced
- 100% FDI to be allowed through FIPB route in marketing of food products and manufactured in India

Financial Sector

- A comprehensive Code on resolution of financial firms to be introduced
- Asset Reconstruction Company(ARC) to hold upto 100% stake in the ARC and permit non institutional investors to invest in securitisation receipts.
- Allocation of ₹ 25,000 Crore towards recapitalisation of public sector banks
- General insurance companies owned by the government to be listed in the stock exchanges

Direct Taxes

Personal Taxation

- No change in Rates of Tax and slabs
- Surcharge raised from 12% to 15% for income above ₹1 crore for all assessees except Companies, Firms and Co-operative Societies
- Exemption limit of contribution to PF :

Particulars	Existing (₹)	Proposed (₹)
Contribution to Recognised Provident Fund by employer (Exemption Limit)	12% of Salary	Lower of 12% of Salary or ₹1.5 Lacs

- Tax on Dividends (w.e.f. 01.04.2017)
  - Dividends in excess of ₹10 lacs to be taxed in hand of Resident Individual, HUF and Firms (In addition to DDT paid by Companies)

Personal Taxation

❖ Deductions:

- Tax Rebate under Section 87A increased from ₹2000 to ₹5000 on individuals with income less than ₹5 lacs
- Deduction of Interest on Housing Loan u/s 24 available upto ₹2 Lacs, if House constructed/ purchased within 5 years (previously 2 years) w.e.f. 01-04-2017
- Deduction u/s 80CCD : Amount received by nominee on death of assessee under pension scheme is exempt from tax
- Section 80GG : Maximum amount of deduction for Rent paid increased from ₹ 2000/- p.m. to ₹ 5000/- p.m
- Additional deduction of ₹50000 of interest on housing loan (for property value upto ₹50 lacs and loan value upto ₹35lacs)

Corporate Taxation

- **Rate of tax for Domestic Companies reduced to 29% for companies whose total turnover or gross receipts < ₹5 Crores**
- **No change in Rates of Tax for other companies**
- **Surcharge:**
  - Surcharge to be charged on TDS and TCS for Foreign Companies and Non-Residents:

Assessee	Amount paid(TDS) or collected (TCS)	Rate of Surcharge
Non – Resident Individual, HUF, AOP, BOI, AJP	> ₹1 Crore	15%
Non – Resident Firm / Co-operative Society	> ₹1 Crore	12%
Foreign Company	₹1 Crore to ₹10 Crore	2%
Foreign Company	> ₹10 Crore	5%

Corporate Taxation

❖ Concessional Rate of Tax @ 25%

- Available for Domestic Company and option to be exercised before filing return of income;
- Set up and registered in India on or after 01.03.2016 and engaged in manufacturing
- Total income to exclude deductions under all sections except 80JJAA
  - No Set off of any carried forward losses to be allowed
  - Depreciation except additional depreciation allowed

❖ Royalty taxable @ Concessional Rate 10% (w.e.f. 01.04.2017):

- In respect of patent developed and registered in India
- No expenditure or allowance allowable against such royalty both for normal tax and tax under MAT

Corporate Taxation

- **Applicability of MAT on Foreign Companies (Retrospective amendment w.e.f. 01.04.01) :**
  - MAT not applicable if –
    - DTAA agreement is in force with country in which the company is registered and there is no Permanent Establishment in India; or
    - No DTAA agreement in force and the assessee is not required to register under any law for time being in force in India

- **REITs / Invits (w.e.f 01.06.16):**
  - Dividend distribution tax (DDT) not applicable on dividend paid to Business Trusts where the trust is 100% holding of company (SPV)
  - Dividend further distributed by Business Trust is also excluded from purview of DDT

Corporate Taxation – 3 Year Tax Exemption

❖ Start Ups:

- 100% of profits and gains tax free for eligible start up (w.e.f 01.04.2017)
- Business should involve innovation, development, deployment or commercialisation of new products, processes or services driven by technology or intellectual property
- Incorporation of the company should be before 01.04.19

❖ Approved Housing Projects:

- 100% of profits and gains derived in business of developing and building housing projects (w.e.f . 01.04.2017)
- To complete the said project within 3 years
- Project to be approved on or before 31.03.2019
- The residential units of the housing project < 30 sq mtrs. for metro cities or within 25 kms from municipal limits; or
- For other cities < 60 sq. mtrs.

Corporate Taxation – Deduction

❖ Deduction

- Deductions u/s 36 for bad and doubtful debts also extended to NBFCs subject to 5% of total income w.e.f. 01-04-2017
- Section 80-IA deduction not extended from 01.04.2017
- Section 80-IAB deduction not extended from 01.04.2017

❖ Other Deductions:

- 80JJAA, additional deduction of 30% on employment of new workmen extended to all assesses required to be tax audited
- Limit of Minimum number of employees Liberalized (removed)
- Covered on those employees whose total emoluments <= ₹ 25,000/- p.m.

Business Deductions

❖ **Reduction in Weighted Deduction u/s 35 for Scientific Research:**

Section	Amount paid to	Old rate	New Rate	From F.Y.
35(1)(ii)	Approved Research Association	175%	150%	2017-18
			100%	2020-21
35(1)(iia)	Approved University, College or other Institution	125%	100%	2017-18
35(1)(iii)	Approved University, College or other Institution for use of research in social sciences or statistical research	125%	100%	2017-18
35(2AA)	National Laboratory/ University/ IIT/ Specified Persons	200%	150%	2017-18
			100%	2020-21
35(2AB)	For in-house Research & Development	200%	150%	2017-18
			100%	2020-21

Business Deductions

- **Reduction in Weighted Deduction u/s 35AD for Special Businesses: (w.e.f. 01-04-2018)**

Special Business	Existing Rate	New Rate
Cold Chain Facility	150%	100%
Warehousing for Agriculture products	150%	100%
Affordable Housing Projects	150%	100%
Production of Fertilizers	150%	100%
Building 100-bed Hospital	150%	100%

- **Reduction in Weighted Deduction u/s 35CCC for Agricultural Extension Project from 150% to 100% w.e.f. 01-04-2018**

- **Reduction in Weighted Deduction u/s 35CCD for Skill Development Project from 150% to 100% w.e.f. 01-04-2021**

Business & Profession

- **Threshold limit for Audit of Accounts for person carrying on Profession increased to ₹50 Lacs from ₹25 Lacs u/s 44AB**

- **Presumptive taxation – Business:**
  - Limit of Turnover for eligible business increased from ₹ 1 crore to ₹ 2 crore
  - The assessee declaring profit @8% u/s. 44AD has to follow the same practice for five consecutive years.
  - If the assessee does not opt for presumptive taxation in any assessment year, the assessee cannot opt for presumptive taxation for subsequent 5 years

- **Presumptive taxation – Profession:**
  - Gross Receipts for eligible profession to be below ₹50 lacs
  - 50% of the total gross receipts shall be profits under this section
  - All other deductions shall be deemed to have been allowed

Capital Gains

- **Long term Capital Gain tax applicable @ 10% (without indexation) for non-resident (other than company) on transfer of unlisted securities or shares of a private or closely-held public limited companies (w.e.f. 01.04.2017)**

- **Redemption of Sovereign Gold Bonds by individual – not to be regarded as transfer**

- **New Capital Gain Exemption:**

  Section 54EE – capital gain not to be charged on investment in units of specified funds. Maximum investment – ₹ 50 lacs

- **Benefits u/s 54GB**
  - For investing in Equity of eligible company from proceeds of residential property sold extended upto 31.03.19 (previously 31.03.17)
  - New assets purchased now to include computer and computer software in case of technology driven start-ups

Securitization Trust

❖ **Applicability :**

- Securitization trust being a Special Purpose Vehicle (SPV) as per SEBI or as per guidelines issued by RBI or being setup under SARFAESI Act;
- Income of trust will continue to be exempt;
- Income taxable in hands of investors;
- TDS @ 25% for payment to resident investors being individual or HUF and 30% in other cases.
- Facility to obtain low or nil deduction of TDS available;
- Trust to provide breakup regarding nature and proportion of income to investors

Tax Deduction at Source

❖ **Increase in threshold limits for payments to be subjected to TDS**

Present Section – Nature	Existing Limit (₹)	Proposed Limit (₹)
192A-Payment of accumulated balance due to an employee	30,000	50,000
194BB-Winnings from Horse Races	5,000	10,000
194C-Payment to Contractors	Aggregate annual limit of ₹ 75,000	Aggregate annual limit of ₹ 1,00,000
194LA-Payment of Compensation on acquisition of certain Immovable Property	2,00,000	2,50,000
194D-Insurance Commission	20,000	15,000
194G-Commission on sale of lottery tickets	1,000	15,000
194H-Commission or brokerage	5,000	15,000

Tax Deduction at Source

- Recipients of rental payments u/s 194-I can also now furnish Form 15G/15H for non-deduction of TDS (w.e.f. 01.06.2016)
- Changes in TDS Rates:

Present Section – Nature	Existing Rate of TDS (%)	Proposed Rate of TDS (%)
194DA-Payment in respect of Life Insurance Policy	2	1
194EE- Payments in respect of NSS Deposits	20	10
194D-Insurance Commission	10	5
194G and 194H-Comission on sale of lottery tickets and commission or brokerage	10	5

Tax Collection at Source / Compliance

- TCS to be collected by seller @ 1% on Sale of Vehicle if value exceeds ₹ 10 Lacs
- In case of Sales in cash of goods/services above ₹ 2 Lacs, Seller to collect TCS from buyer @ 1% of sale/services value (other than services subjected to TDS)
- Assessee who opts for Presumptive taxation required to make full payment of Advance Tax in one Installment before 15^{th} March
- Person having income of Long-term Capital Gain exempt u/s 10(38) exceeding maximum amount not chargeable to tax-liable to file return of income

Set off of Losses / Advance Tax

- Loss from any specified business referred to in section 35AD shall be allowed to be set off against profits of any other specified business u/s 73A only if return of income has been filed within prescribed time limit

- Advance Payment of Tax for other than Corporate Assessee

Due Dates	Existing %	Proposed%
15^{th} June	0	15
15^{th} September	30	45
15^{th} December	60	75
15^{th} March	100	100

Penalties

❖ **Rationalization of Penalty for Under reporting/mis-reporting of income :**

Particulars	Existing	Proposed
Under-reporting of Income	100%-300%	50%
Mis-reporting of Income	100%-300%	200%

❖ **If Assessee pays income-tax due with interest on assessment and prefers no appeal for such order, total immunity granted from penalty**

❖ **Penalty for failure/delay to furnish report/ inaccurate report by every constituent resident, if such constituent is of an international group:**

- ₹5000 Per day up to 30 days.
- ₹15000 Per day beyond 30 days

Penalties

- **Penalty for Non-maintenance/ Non-Furnishing of International Transaction Details:**

Particulars	Existing	Proposed
Non-maintenance/ Non-Furnishing of International Transaction Details	2% of Value of transaction	₹5 Lacs Per Transaction

- **Penalty on Undisclosed Income during search operation**

Particulars	Existing	Proposed
Undisclosed Income during search operation	30-90% of Tax	60%

Other Provisions

❖ Disclosure by International Group:

- International group means group consisting of two or more enterprises resident of different countries or an enterprise, resident of one country and carries on any business through permanent establishment in other country.
- Such group to submit the report of certain information pertaining to state of affairs, profit & loss before Income-tax of the country/territory in which the group operates.

❖ Exemption u/s 56 : Share received on demerger or amalgamation of a company by an individual or HUF

Income Declaration Scheme 2016

Condition to avail the scheme:

- **Declare the undisclosed income and pay tax, Surcharge and penalty aggregating to 45% of such undisclosed income**
- **Cases shall not be eligible for the scheme:**
  - Notice of Assessment under Section 142(1) / 143(2) / 148 / 153A / 153C
  - Where search or survey has been conducted
  - Where information is received under Agreement with foreign countries regarding such income
  - Cases covered under Black Money Act

Direct Tax Dispute Resolution Scheme

❖ Key Features of Scheme

- Applicability – Any disputed tax, interest or penalty appeal pending before Commissioner of Income Tax (Appeals)
- Pending appeal could be against an assessment order or penalty order
- Required to pay tax and interest due on Assessment Order up to the date of Assessment Order. If disputed income-tax amount exceeds ₹ 10 Lacs, 25% of minimum penalty leviable will also be required to be paid.
- Tax dispute under retrospective amendment may also make a declaration under this scheme.
- Right of appeal and further appeal to be waived

Service Tax

Service Tax – Rate of Tax

- **Krishi Kalyan Cess to be leived at 0.5% (w.e.f. 1st June, 2016)**
  - Input Tax Credit to be allowed
- **Rate of 1.4% introduced for single premium annuity pollicies**
- **Limitation period for recovery of tax not levied / short paid increased to 30 months from 18 months**
- **Interest on Late Payment:**

Particulars	Interest Rate
Uniform Interest rate on delayed payment of Tax	15%
Interest rate for Assessee with less than ₹60 lacs taxable service in previous year	12%
Interest rate where tax collected but not deposited	24%

Service Tax – Equalisation Levy

- **Equalisation Levy proposed @6% on consideration for Specified Services**
- **Service Receiver: Non-Resident having no Permanent Establishment in India**
- **Service Provider: Resident carrying on Business or Profession, or Non-Resident having Permanent Establishment in India**
- **Specified Services include *Online or Digital Advertisement***
- **Levy only when total consideration exceeds ₹1 Lakh in any previous year**
- **Service Provider shall deduct the levy and pay to the Government monthly**

Service Tax – Changes in Coverage

Changes in Negative List:

Service	Existing Coverage	Proposed Changes
Transport of Passengers by Stage Carriage	Not Taxable (Included in Negative list)	To be taxed for Air-conditioned Carriage at 40% value without availing CENVAT credit
Transport by Vessel / Aircraft from outside India to Customs Station	Not Taxable (Included in Negative list)	To be taxed in respect of Vessels (Transport by Aircraft exempted separately)
Education Services (Upto High School / Vocational Course etc.)	Not Taxable (Included in Negative list)	▪Excluded from Negetive list ▪Will continue to be not taxable (exemption granted separately)

- **Services provided by Government / Local bodies to business entities to be taxable w.e.f. 1st April, 2016**
- **Admission to entertainment events / ammusement facilities to be taxable w.e.f. 1st April, 2016**

Service Tax – Coverage / Compliances

Changes in Declared Services:

- Right to use Radio-frequency spectrum and its subsequent transfers Covered

Compliances:

- Benefits of Proprietorship / Partnership firms extended to One Person Companies (OPC)
- Annual Returns likely to be prescribed for Service Tax by CBEC (to be submitted by 30th November of succeeding financial year)

Service Tax – Abatement

Service	Old Taxable Value	New Taxable Value	Tax Outflow
Transport of good (containers) by rail (other than Indian Railway)	30%	40%	↑
Services of goods transport agency in relation to transportation of ***used household goods***	30%	40%	↑
Services provided by a foreman of chit fund in relation to chit	Nil	70%	↑
Transport of Passenger by Stage Carriage	Not Taxable	40%	↑
Service of Package tour	25%	30%	↑
Service by tour operator ***other than*** Package tour and ***other than*** booking for accomodation	40%	30%	↓
Construction of Residential unit less than 2000 sq. ft.	25%	30%	↑

Service Tax – Exemption Changes

Service	Changes in Exemption (w.e.f. 1st April, 2016)
Services by ***Senior Advocates***	Exemption withdrawn in respect of Service Provided by Senior Advocate to an Advocate or Partnership firm of Advocates
Service Provided by person represented on an arbitral tribunal to an Arbitral Tribunal	Exemption Withdrawn
Construction of Monorail or Metro	Construction, Erection, Commissioning and Installation of original works excluded from Exemption
Transportation of Passengers by ropeway, cable car and aerial tramway	Exemption Withdrawn
Performance by artist in folk or classical music/dance/theatre	Exemption limit increased to ₹1,50,000 from ₹1,00,000

Service Tax – New Exemptions

❖ New Exemptions Introduced:

- Services Provided by IIMs to its students as per Government guidelines except Executive Development Programme
- Services of assessing bodies empanelled under Skill Development Initiative
- ***Construction*** services provided to Government or Local Authorities for a civil structure meant for educational / clinical / cultural use and other uses except for commerce, industry, business etc.
- ***Construction*** services for civil structure for In-situ rehabilitation of existing slum dwellers under "Housing for all" / Pradhan Mantri Awas Yojna (PMAY)
- ***Construction*** of low cost housing (below 60 meter carpet area) under housing scheme of State Government / PMAY
- Construction pertaining to Airport / Port where contract is entered before 1st March, 2015

Service Tax – New Exemptions

❖ New Exemptions Introduced (contd…)

- Services Provided by training providers under Deen Dayal Upadhyaya Grameen Kaushalya Yojana
- Services of General Insurance Business under Niramaya' Health Insurance Scheme
- Service of Life Insurance Business provided by way of annuity under National Pension System regulated by PFRDA
- Services by EPFO to persons covered under Employees' Provident Funds
- Certain services provided by IRDA, SEBI and National Centre for Cold Chain Development
- Services provided by ***Biotechnology incubators*** approved by BIRAC to the incubatees are being exempted
- ***Information Technology software*** exempted, if Excise / Customs paid based on RSP. In case of customised software Service tax shall continue to apply

Service Tax – Reverse Charge

Reverse Charge:

- **Services Provided by Senior Advocates excluded from Reverse Charge, hence Direct Charge applicable**
- **Services provided by agent/distributors to Mutual Funds / AMC put under Direct Charge**
- **Services provided by Government / Local Authorities to Business entities to be brought under Reverse Charge**
- **Recipient of services from foreign shipping line to pay tax on reverse charge basis**

Dispute Resolution Scheme / CENVAT

- **Indirect Tax Dispute Resolution Scheme introduced:**
  - Scheme covers Customs, Central Excise and Service tax disputes
  - The Assessee can avail the benefit after paying the duty, interest and additional 25% of duty in the form of penalty
  - Proceeding against the assessee will be closed
  - The assessee can also get immunity from prosecution

- **Capital Goods**
  - To include certain wagons, equipment or appliances used in office, goods used for pumping of water.
  - Hence credit can be availed

- **All Capital goods of value upto ₹10,000 to be considered as input, hence CENVAT credit can be fully availed.**

- **CENVAT Credit on assignment of right to use natural resources granted by Government available over the period of rights equally**

CENVAT

- **CENVAT Credit for service providers providing both exempt and non-exempt services / manufacturer manufacturing both exempt and non-exempt goods:**
  - Assessee to pay 6% of value of exempted goods and 7% of value of exempted services.

  OR

  - Follow the procedure and computation process as per formulas provided in amended Rule 6(3A)

- **Distribution of Credit**
  - Outsourced Manufacturing unit to maintain separate account of credit received
  - Service tax credit not be transferred to outsourced Manufacturing unit
  - Credit on inputs received under cover of an invoice issued by a warehouse available where manufacturer has more than one factories

Central Excise

Central Excise

❖ Exempt from Duty of Excise

- Excise duty on improved cook stoves including smokeless chulhas for burning wood, agrowaste, cowdung, briquetes and coal is exempt from excise duty
- Parts, components and accessories for use in manufacture of Routers, Broadband modems, set-top box, DVD, CCTV camera is Exempt from excise duty however Excise duty levied on final product
- Solar lamp is being exempt from excise duty
- Excise duty on improved stoves for burning of wood coal is exempt

❖ Certificate from Chartered Accountant for availing SSI exemption.

- Eligibility for availing of the SSI exemption from 2016-17 onwards, a certificate from Chartered Accountant, based on books of accounts for 2015-16, shall suffice

Central Excise

- **Withdrawal of area based exemption for production of Gold and Silver**
  - The excise duty exemption under existing areas based exemptions for production of gold and silver is being withdrawn from 1st day of March, 2016
- **Rate of Tax:**
  - The tariff rate of basic Excise duty on Paper rolled biris is being increased from ₹. 30 per thousand to ₹. 80 per thousand.
  - Excise duties on various tobacco products other than beedi raised by 10 to 15%.
  - Abatement Rate from RSP, for all categories of footwear is being increased from 25% to 30%.
  - SSI threshold exemption limit for Articles of Jewellery excluding silver jewellery is being increased to ₹6 crore in a year, with an eligibility limit of ₹12 crore in the preceding financial year from ₹50 lakh.

Central Excise – Major Rate Changes

Consumer	Existing	Proposed	Movement
Water including mineral & aerated water	18%	21%	⬆
Rubber sheets & Resin rubber sheet for soles and heels	12.5%	6%	⬇

Agriculture / Agro Processing	Existing	Proposed	Movement
Pan Masala	16%	19%	⬆
Micronutrients registered under FCO	12.5%	6%	⬇

Energy	Existing	Proposed	Movement
Oil Industries Development cess on domestically produced Crude oil	4500 PMT	20% Ad valorem	⬇
Schedule Rate of Clean Energy Cess on coal, lignite and peat	₹ 300 per tonne	₹ 400 per tonne	⬆

Infrastructure	Existing	Proposed	Movement
Ready Mix Concrete mfg. at the site of construction	6%	Nil	⬇

Central Excise – Major Rate Changes

Fuel	Existing (BED)	Proposed (BED)	Movement
Aviation turbine fuel	8%	14%	
Jewellery	**Existing**	**Proposed**	**Movement**
Gold dore Bar, Gold coin and Silver dore Bar	9%	9.5%	
Silver except silver coin	8%	8.5%	
Textile	**Existing**	**Proposed**	**Movement**
Readymade garments with retail price of Rs.1000 or more or Branded	12.5% (Nil rate without CENVAT credit)	12.5% (2% without CENVAT credit)	

❖ **Infrastructure Cess:**

Type of Motor Vehicle	Existing	Proposed	Movement
Petrol / LPG / CNG (Below 1200cc)	Nil	1%	
Diesel (Below 1500cc)	Nil	2.5%	
Other than Above	Nil	4%	

Central Excise – Major Rate Changes

Others	Existing	Proposed	Movement
PSF / PFY or Waste PET bottels	6% (2% without CENVAT credit)	12.5% (2% without CENVAT credit)	↑
Disposable aluminium foil containers	6% (2% without CENVAT credit)	12.5% (2% without CENVAT credit)	↑
Centrifugal pump	12.5%	6%	↓
Carbon pultrusions, Parts and sub parts of rooter blades for wind operated electricity generator.	12.5%	6%	↓

Electronics	Existing	Proposed	Movement
Charger / adapter, battery and wired headsets / speakers of mobile handsets	Nil	12.5% (2% without CENVAT credit)	↑
Routers, Broadband modems, set-top box, DVD, CCTV camera	Nil	12.5% (4% without CENVAT credit)	↑
Refrigerated containers	12.5%	6%	↓

Customs

Customs

- Disposable sterilized dialyzer and micro barrier of artificial kidney is being exempted from BCD, excise / CVD and SAD
- Specified goods imported for exploration & production of petroleum and hydrocarbon activity under licence or lease is being exempt from BCD and CVD
- BCD is being exempted on Neodymium Magnet and Magnet Resin for use in manufacture of BLDC motors
- BCD on tools and tools kits for maintenance, repair and overhauling of aircraft are being exempted
- The validity period of exemption granted to specified goods for the use in the manufacture of electrically operated vehicles is being extended without time limit

Customs

- **BCD is being exempted on specified Raw material as well as capital goods for use in manufacture of Micro fuses, sub miniature fuses, Resettable fuses and Thermal fuses**

- **BCD and SAD are being exempted on Machinery, Mechanical Appliances, Elecrical equipments and Parts for:**
  - Fabrication of semiconductor wafer and liquid Crystal Display
  - Assembly, testing, marking and packaging of semiconductor chips

- **Exemption of BCD, CVD and SAD on charger / Adapter, Battery and wired headsets/speakers for use in manufacture of mobile handsets including cellular phone is being withdrawn.**

Customs

- **BCD exemption on LCD, LED or OLED panels is being restricted to imports for manufacture of TVs**

- **BCD exemption on E-Readers is being withdrawn (to be taxed @ 7.5%)**

- **BCD is being exempted on parts, componenets and accessories for use in the manufacture of Routers, broadband modems, set-top box, CCTV camera etc**

- **Baggage Rules 2016 introduced:**

  - Duty free allowance for bonafide baggage increased to ₹50000 for resident / Indian tourist and ₹15000 while returning from Nepal / Bhutan / Myanmar

  - Jewellery limit lower of 20 gm or ₹50000 for men and lower 40 gm or ₹100000 for women

Customs – Major Rate Changes

Chemicals & Petro Chemical	Existing (BCD)	Proposed (BCD)	Movement
Denatured ethyl alcohol	5%	2.5%	↓
Aluminium oxide	7.5%	5%	↓
Polypropylene granules / resins	7.5%	Nil	↓
Super Absorbent Polymer	7.5%	5%	↓
Strene	2%	2.5%	↑

Energy	Existing (BCD)	Proposed (BCD)	Movement
Coal Gas	10%	5%	↓
Oil and other Distillation	10%	2.5%	↓

Export Duty	Existing	Proposed	Movement
Iron ore lumps	30%	Nil	↓
Chromium ores and concentrates	30%	Nil	↓
Bauxite	20%	15%	↓

Customs – Major Rate Changes

Mineral Products	Existing (BCD)	Proposed (BCD)	Movement
Coke	10%	5%	↓
Pitch and Pitch coke	10%	5%	↓

Metals	Existing (BCD)	Proposed (BCD)	Movement
Coal, Lignite, Peat	10%	2.5%	↓
Tar distilled coal, Lignite	10%	5%	↓
Preform of silica	Nil	10%	↑
Brass scrap	5%	2.5%	↓
Primary aluminium products	5%	7.5%	↑
Other aluminium products	7.5%	10%	↑
Zinc alloys	5%	7.5%	↑
Machinery, Mechanical Appliances, Elecrical equipments and Parts	7.5%	10%	↑

Customs – Major Rate Changes

Electronic hardware	Existing (BCD)	Proposed (BCD)	Movement
Refrigerated containers	10%	5%	⬇
Electrolysers, membranes and their parts	2.5%	Nil	⬇
Allpratus and equipment for photograph laboratories	7.5%	10%	⬆
Industrial solar water heater	7.5%	10%	⬆

Jewellery	Existing (CVD)	Proposed (CVD)	Movement
Gold dore bar	8%	8.75%	⬆
Silver dore bar	7%	7.75%	⬆

Jewellery	Existing (BCD)	Proposed (BCD)	Movement
Imitation jewellery	10%	15%	⬆

Customs – Major Rate Changes

Agricultural Produce	Existing (BCD)	Proposed (BCD)	Movement
Cashew nuts in shell	Nil	5%	↑
Braille paper	10%	Nil	↓
Fibres, filaments/ yarn	5%	2.5%	↓
Natural latex rubber	10%	20%	↑
Wood in chips or particle	5%	Nil	↓
Pulp of wood	5%	2.5%	↓
Natural Latex rubber made balloons	10%	20%	↑

Customs – Major Rate Changes

Miscellaneous	Existing (BCD)	Proposed (BCD)	Movement
Silica Sand	5%	2.5%	↓
Medical use Fission Molybdenum-99	7.5%	Nil	↓
Solar tempered glass	Nil	5%	↑
Golf cars	10%	60%	↑

Plastic and Articles	Existing (BCD)	Proposed (BCD)	Movement
Plans, drawing and designs	Nil	10%	↑

Miscellaneous	Existing (SAD)	Proposed (SAD)	Movement
Orthoxylene (Use in mfg. of Phthalic anhydride)	4%	2%	↓
Populated printed circuit board (Use in Laptop and Desktop)	Nil	4%	↑

CST / RBI Act

Central Sales Tax Act:

- **Transfer of gas through pipe**

  Such sale or purchase deemed to be inter state sale/ purchase of gas

Reserve Bank of India Act:

- **Monetary Policy Committee to be formed comprising of:**
  - RBI Governer
  - Deputy Governer
  - One RBI Officer Nominated by Government
  - Three members appointed by Central Government

Budget Team

CA Dhiren H Pandya, Partner
Email: dhiren@dhpa.in

CA Varun Pandya, Partner
Email: varun@dhpa.in

CA Sanjay Patel
Ashok Shah
Khushbu Vashwani
Madhu Singh

CA Prerna Mehta, Partner
CA Chandni Sejpal
Keyur Mulrajani
Bharat Bhagat

CA Jatin Patel
Nirali Pandya
Shivali Dave
Neha Panchal

Dhiren H Pandya & Associates

Ahmedabad Office:

204, Mahalaya Complex,
Near Hotel President,
Off. C.G.Road, Navrangpura,
Ahmedabad 380009

Phone: +91 79 26400005 /
+91 79 26426729

Mumbai Office:

13, Navratna Apartments,
Dattapada, Nr. HDFC Bank Ltd,
Borivali (East),
Mumbai 400066

Phone: +91 22 65666065

Email : info@dhpa.in
URL : http://www.dhpa.in