



UNION BUDGET 2014 DECODED

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DIRECT TAX PROPOSALS

TAX RATES

- Income Tax Slabs for Assessment Year 2015-16 are as under:-

Tax Rate %	Individuals/HUF/ AOP/BOI	Senior Citizen Age ≥ 60 and < 80	Senior Citizen Age ≥ 80
0	Up to 2,50,000	Up to 3,00,000	Up to 5,00,000
10	2,50,001 to 5,00,000	3,00,001 to 5,00,000	-
20	5,00,001 to 10,00,000	5,00,001 to 10,00,000	5,00,001 to 10,00,000
30	Above 10,00,000	Above 10,00,000	Above 10,00,000

- No change in income tax rates for other assessees.
- No change in surcharge or cesses.
- Dividend Distribution Tax on shares to be levied on gross amount instead of amount paid net of taxes i.e. the amount to be distributed as dividend should be inclusive of taxes.(applicable w.e.f. 1st October 2014)
- Income Distribution Tax on Mutual Funds to be levied on gross amount instead of amount paid net of taxes i.e. the amount to be distributed as dividend should be inclusive of taxes.(applicable w.e.f. 1st October 2014)
- Benefit of special tax rate @15% in case of dividends received from specified foreign companies u/s 115BBD has been extended beyond any sunset period.
- Concessional Tax @ 10% on mutual funds units u/s 112 withdrawn. (w.e.f. AY 2015-16)

DEDUCTIONS AND EXEMPTIONS

- Limit of making investments for claiming deduction under section 80C (NSC, PPF, LIC, etc.) has been increased to Rs. 1.5 lacs from existing limit of Rs. 1 lac. (For AY 2015-16)
- Under Section 80CCD (Pension Scheme of Central Government), condition of the date of joining the service on or after 1.1.2004 is not applicable to employees in the Private Sector for the purposes of availing deduction under the said section.
- The deduction under Section 24 related to Interest on Housing Loan in respect of self occupied property has been increased from Rs. 1.5 lacs to Rs. 2 lacs.
- Section 10(23C) is proposed to be amended to provide:
 - Prescribed percentage of total receipts to government grants to be qualified to call them as substantially financed by Government.
 - Where the institution is approved and qualifies for exemption u/s 10(23C), no exemption under any other clause u/s 10 except agriculture income shall be applicable to it.

- The double benefit of deduction for fixed asset as well its depreciation shall not be allowed. The application of funds would be calculated without allowing depreciation on the assets which have been claimed as application.
- Sections 11, 12A & 12AA (related to charitable trusts) are proposed to be amended to provide:
 - The double benefit of deduction for fixed asset as well its depreciation shall not be allowed. The application of funds would be calculated without allowing depreciation on the assets which have been claimed as application.
 - Where the institution is granted registration u/s 12A no exemption under any other clause u/s 10 except agriculture income and s. 10(23C) shall be applicable to it.
 - Where registration to a Trust u/s 12A is granted during any assessment year, it shall deem to be granted for any other assessment year preceding that assessment year for which any assessment proceedings are pending before any assessing officer. Further no action u/s 147 can be taken in such cases. However, this benefit shall not apply if the registration is refused or cancelled u/s 12AA.
 - Registration of a Trust u/s 12A can be cancelled if without reasonable cause benefit is given to persons covered u/s 13, i.e., provisions of section 13(1) are applicable.
- Section 115BBC is proposed to be amended to clarify that amount of tax on anonymous donation would be tax which the assessee would be chargeable had his total income reduced by aggregate of anonymous donation received in excess of amount referred in clause A or B as the case may be.
- Section 10AA is proposed to be amended to provide that where a deduction u/s 10AA is allowed in respect of any specified business u/s 35AD, then no deduction u/s 35AD shall be allowed for the same or any other assessment years. (w.e.f. AY 2015-16)
- The sunset clause for the benefit of deduction under section 80IA for the Power Sector has been extended to 31st March, 2017.(w.e.f. 1st April, 2015)
- Benefit of deduction under section 35AD has been extended to two new businesses:-
 - laying and operating a slurry pipeline for the transportation of iron ore;
 - setting up and operating a semiconductor wafer fabrication manufacturing unit.
- Section 35AD is proposed to be amended to provide that where any deduction is claimed and allowed for any asset under s. 35AD, the asset has to be used for specified business only for a period of 8 years. If the said asset is used for other than the specified business, the amount of deduction claimed as reduced by depreciation allowable u/s 32 shall be deemed to the income in which the asset is so used for other purpose.
- Income Tax Exemption to Special Undertaking of Unit Trust of India (SUUTI) has been extended for a further period of five years i.e., upto 31st March, 2019. (w.r.e.f 01.04.2014)

TAX DEDUCTED AT SOURCE AND RELATED PROVISIONS

- Scope of section 40(a)(ia) expanded to include all payments made to residents. Hence now Salaries would also be covered. Further in case of non-deposit of tax deducted on payments to residents, earlier the whole payments were disallowed u/s 40(a)(ia). Now the disallowance would be only to the extent of 30% of such payments.
- Payments made to non-residents and Foreign companies were disallowed u/s 40(a)(i) if the tax deducted was not paid during the previous year. Now, the expense would be allowed as deduction if the tax deducted is paid before the due date of filing return u/s 139(1).

- Benefit of lower tax deduction on Interest from Long Term Infrastructure bonds to a non resident or a Foreign Company u/s 194LC is extended to any Long Term Bonds without requirement to obtain PAN which could have resulted in higher deduction @ 20% u/s 206AA.
- Tax to be deducted @10% in case of distribution of income in nature of section 115UA by business trust to residents u/s 194LBA and @5% in case income is distributed to non-residents or a foreign company.
- 2% TDS u/s 194DA proposed on certain payments made by LIC which are not covered u/s 10(10D) if amount exceeds 1 lakh. (Applicable w.e.f. 1st October, 2014)
- Correction of TDS / TCS statement allowed to be filed u/s 200.
- Section 201(3) is proposed to be amended to allow the time period for passing an order deeming a person in default to 7 years. Earlier the time period was 2 years or 6 years. (w.e.f. 1st October, 2014)

CAPITAL GAINS

- Amendment proposed to clarify that the investment made by an assessee in the long-term specified asset u/s 54EC, out of long term capital gains arising during the financial year in which the original asset or assets are transferred and in the subsequent financial year shall not exceed Rs. 50 Lacs. (w.e.f. AY 2015-16)
- Sections 54 and 54F are proposed to be amended so as to provide that for claiming the exemption under these sections, the assessee shall have to purchase or construct one residential property within India only. This would set to rest a few controversies related to purchase of more than one house and purchase of house within India. (w.e.f. AY 2015-16)
- Any transfer of a capital asset, being a Government Security carrying a periodic payment of interest, made outside India through an intermediary dealing in settlement of securities, by a non-resident to another non-resident shall not be considered as transfer for the purpose of charging capital gains. (w.e.f. AY 2015-16)
- Any transfer of a capital asset being share of a special purpose vehicle to a business trust in exchange of units allotted by that trust to the transferor shall not be considered as transfer for the purpose of charging capital gains. (w.e.f. AY 2015-16)
- The amount of compensation received in pursuance of an interim order of the court, Tribunal or other authority shall be deemed to be income chargeable under the head 'Capital Gains' in the previous year in which the final order of such court, Tribunal or other authority is made. (w.e.f. AY 2015-16)
- The government has discontinued the release of Consumer Price Index for Urban Non Manual Employees. Accordingly, the "Cost Inflation Index" shall now be the seventy-five percent of average rise in the Consumer Price Index (Urban) for the immediately preceding previous year to such previous year. (w.e.f. AY 2016-17)
- Capital gains from unlisted securities and unit of Mutual Funds (other than equity-oriented mutual funds) shall be short term if held for less than 36 months. Consequently, shares of a private company and debt-oriented mutual funds would be a short term capital asset if held for less than 36 months. (applicable w.e.f. AY 2015-16)
- Investments made by Foreign Institutional Investors (FIIs) in securities shall be considered as capital assets and income would be charged under the head income from capital gain and not business income. (w.e.f. AY 2015-16)

ALTERNATE MINIMUM TAX& CREDIT OF AMT (W.E.F. AY 2015-16)

- For the purpose of calculation of Book Profit for computing AMT (for all assesseees other than companies), it is proposed to provide that total income shall be increased by the deduction claimed under section 35AD for purpose of computation of adjusted total income. The amount of depreciation allowable under section 32 shall, however, be reduced in computing the adjusted total income. (w.e.f AY 2015-16)
- In case an assessee has paid AMT in any of the preceding years, the credit of such AMT shall be allowed u/s 115JD irrespective of the fact whether the assessee claimed any deduction u/s 10AA or Chapter VI-A or whether the income for the year is not more than Rs. 20 lac in the year which credit is to be claimed. (w.e.f AY 2015-16)

INTERNATIONAL TRANSACTIONS

- It is proposed to clarify that if an enterprise enters into a contract with a third party (whether resident or not) who has an agreement with the associated enterprise (non-resident) then the agreement entered between the enterprise and the third party shall be come under the definition of an international transaction.(w.e.f. AY 2015-16)
- It is proposed to allow use of multiple year data for comparability analysis under Transfer Pricing.
- For the determination of Arm's Length Price, validity of Advanced Pricing Agreement (APA) u/s 92CC sub-section (9A) is proposed to be introduced to allow 4 previous years preceding the first year in which such determination is sought. (w.e.f. 1st October, 2014)

OTHERS PROPOSALS

- Advance money forfeited and not resulting in transfer of capital asset shall be chargeable to tax under the head Income from Other Sources u/s 56 in the year of receipt. Also the value of asset which was reduced by the amount forfeited u/s 51, shall not be reduced now consequent to this amendment. (w.e.f AY 2015-16)
- Investment allowance is proposed to be allowed @ 15% to a manufacturing company that invests more than 25 crore in any year in NEW plant and machinery. The benefit to be available for three years i.e. for investment made upto 31st March, 2018.
- Explanation to Section 73 treating trading in shares to be speculative business for company assesseees is proposed to be amended to provide that the transactions in shares would not be treated as speculative if the principal business of the company is trading in shares or banking or granting of loans. Earlier this explanation was not applicable to those companies whose principal business is business of banking or granting of loans and advances only. Trading in shares is proposed to be added by this amendment.(w.e.f. AY 2015-16)
- It is proposed to provide that expenses related to Corporate Social Responsibility (CSR) incurred by any company in compliance of section 135 of the Companies Act 2013 shall not be allowed as deduction u/s 37 from the Business Income.(w.e.f. AY 2015-16)
- Section 142A related to Estimation by Valuation Officer is proposed to be amended w.e.f. 1st October 2014. Following are the major amendments proposed:
 - Vast powers have been given to the Assessing Officer to refer a matter to valuation Officer. He can refer the matter to the Valuation Officer whether or not he is satisfied about the correctness or completeness of the accounts of the assessee.

- The Valuation Officer shall send a copy of his estimate to the Assessing Officer and the assessee within a period of six months from the end of the month in which the reference is made. Earlier no time limit was prescribed.
 - In case a matter is referred to a Valuation Officer, the time limit to complete the assessment by the assessing officer shall be extended by the period the matter was referred to the Valuation Officer and the time the assessing officer receives a report from such officer.
- Section 153C has been amended to provide that if an Assessing Officer has seized or requisitioned some assets, bullion, books of account, etc which relates to some other person, then he shall hand over the same to such other Assessing Officer who is having jurisdiction over such other person and such other AO shall only act on such seized assets etc if he is satisfied that such assets, books, seized or requisitioned have a bearing on the determination of the Total Income of such other person for the relevant assessment year or years. (W.e.f. 01.10.2014)
- Eligible transaction in respect of trading in commodity derivatives carried out in a recognised association and chargeable to commodities transaction tax (CTT) under Chapter VII of the Finance Act, 2013 shall not be considered to be a speculative transaction u/s 43(5)(e). (w.r.e.f. 01.04.2014)
- Under section 285BA, some specified persons were required to furnish an Annual Information Return for informing specified financial transactions to the prescribed income-tax authority. The Return is proposed now to be called statement i.e., 'Statement of financial transaction or reportable account'. Now the section is being amended to provide that specified financial transaction or reportable account shall be required to be reported to the prescribed income-tax authority. It is further proposed that the statement of information shall be furnished within such time, in the form and manner as may be prescribed. Further, if such person comes to know or discovers any inaccuracy in the information provided in the statement, then, he shall, within a period of ten days, inform the income-tax authority regarding this error. The CG shall make rules to provide for proper control & guidance for implementation of such scheme.
- Accordingly, Section 271FA which provides for penalty for failure to provide such information is also amended. Further, new section 271FAA is being introduced to provide for penalty of Rs. 50000/- for providing erroneous information. (w.e.f. AY 2015-16)
- Limitation period of Provisional Attachment of any property under section 281B has been amended to provide that the Chief Commissioner, Commissioner, Director General or Director may extend the period of provisional attachment so that the total period of extension does not exceed two years or upto sixty days after the date of assessment or reassessment, whichever is later. Earlier, the period was limited to six months of such attachment unless it was extended by Chief Commissioner or Commissioner for total period of 2 years. (w.e.f. 01.10.2014)
- If a person willfully fails to produce accounts and documents as required in any notice issued u/s 142(1) or willfully fails to comply with a direction issued to him u/s 142(2A), he shall be punishable with rigorous imprisonment for a term which may extend to one year and with fine u/s 276D. Earlier any of the fine or imprisonment could be imposed on such failure. (w.e.f. 01.10.2014)
- In a clarificatory amendment, it is proposed to amend sections 269T & 269SS, regarding acceptance and repayment of loans/deposits that payment made or received through ECS, internet banking, RTGS, NEFT shall also be deemed to be compliance of this section. (w.e.f. AY 2015-16)
- For Interest Payable under section 220, where the assessee goes into appeals against a Demand Notice and subsequently the demand is increased by the appellate authority, the amount of interest

shall be calculated on the amount of tax as assessed by the final appellate authority and the interest shall be charged from the date of first demand notice. (w.e.f. 01.10.2014)

- It is proposed to create new income tax authorities such as “Principal Chief Commissioner of Income-tax”, “Principal Commissioner of Income-tax”, “Principal Director General of Income-tax” and “Principal Director of Income-tax”. Definitions of the same shall be inserted in section 2. (w.r.e.f. 01.06.2013)
- Any income tax authority who has taken into his custody any documents or books of accounts during Income Tax Survey, can now retain the same with him for 15 days without any approval to hold the same beyond this period taken from CCIT, DIT etc. Earlier the period of such limitation to hold such documents was 10 days without further approvals. (w.e.f. 01.10.2014)
- Income Tax Authority has also been empowered to do Income Tax Survey for checking TDS/TCS compliance. It is also proposed to provide that an income-tax authority may place marks of identification on the books of account or other documents inspected by him and take extracts and copies thereof. He may also record the statement of any person which may be useful for, or relevant to, any proceeding under the Act. However, while acting under sub-section (2A) he shall not impound and retain in his custody any books of account or documents inspected by him or make an inventory of any cash, stock or other valuables. (w.e.f. 01.10.2014)
- A new section 133C is being inserted to provide that for the purposes of verification of information in its possession relating to any person, prescribed income-tax authority, may, issue a notice to such person requiring him, on or before a date to be therein specified, to furnish information or documents, verified in the manner specified therein which may be useful for, or relevant to, any enquiry or proceeding under this Act. (w.e.f. 01.10.2014)
- Section 139(4C), is proposed to be amended to provide that Mutual Funds, Securitisation Trusts and Venture Capital Companies or Venture Capital Funds to file their return of income, if the total income in respect of which such fund, trust or company is assessable, without giving effect to the provisions of section 10, exceeds the maximum amount which is not chargeable to income-tax, furnish a return of such income of the previous year. In the case of the Mutual Funds and securitisation trusts referred to above, the requirement of filing of statements before an income-tax authority is proposed to be dispensed with by omitting sub-section (3A) of section 115R and sub-section (3) of section 115TA. (w.e.f. 01.04.2015)
- Section 44AE is proposed to be amended to provide uniform amount of presumptive income and increase it to Rs.7,500 for every month (or part of a month) for all types of goods carriage without any distinction between Higher Goods Vehicle (HGV) and vehicle other than HGV. (w.e.f. AY 2015-16).
- New provisions related to Infrastructure Investment Trust and Real Estate Investment Trust as approved by SEBI generally to be known as Business Trust are being provided to be a pass through vehicle, where the trust income would not be taxable, but the amounts in the hands of the investors or unit holders of these trusts would be charged to tax. Apart from a separate chapter XII-FA containing section 155UA, adequate provisions are proposed to define these Trusts and provide for taxability of transfer of shares to these trusts, incomes received by trust, deduction of tax on income distributed by trust, etc.
- The Tax accounting standards referred under section 145(2) has been renamed as ‘income computation and disclosure standards’. All assesseees are to comply with these standards.

SERVICE TAX PROPOSAL

I. REVIEW OF NEGATIVE LIST:

Following services shall be removed from negative list and shall become taxable with effect from a date to be notified later.

- (1) Clause (g) of Section 66D has been amended and now only selling of space for advertising in Print Media is covered under Negative List. All other space selling or selling of time slots for advertisement is now taxable as Service. Definition of "Print Media" has been given vide Cl. (39a) of Section 65 B.
- (2) Clause (o) of Section 66D has been amended and now Service tax shall be applicable on service of radio taxis. The abatement under Notification no. 26/2012 shall be allowed to radio taxis as is allowed in case of rent-a-cab service.

II. EXEMPTION AND ABATEMENTS:

Review of existing Provisions (Comes into force with immediate effect):

- (1) General Exemption to clinical research on human participants is being withdrawn.
- (2) General Exemption to air-conditioned contract carriages like buses is being withdrawn.
- (3) Service provided to Government/Local Authority/Government authority by way of repair or maintenance of a vessel shall be liable for service tax now. But services provided to Government/Local Authority/Government authority by way of water supply, public health, sanitation conservancy, solid waste management or slum improvement and upgradation shall continue to be exempt from service tax.
- (4) As per Notification No. 6/2014 following Service provided to an eligible education institutions are now excluded from the service tax.
 - (i) transportation of students, faculty and staff;
 - (ii) catering, including any mid-day meals scheme sponsored by the Government;
 - (iii) security or cleaning or house-keeping services performed in such educational institution; services relating to admission to, or conduct of examination by, such institution.

Earlier exemption was restricted to auxiliary education services and to renting of immovable property service only.

- (5) Earlier services by way of renting of a Hotel, inn, guest house, club or other commercial places meant for residential or lodging purposes, having declared tariff of a room below Rs. 1000 per day or equivalent is covered under Notification No. 25/2012, now dharamshalas and ashrams are also covered under this exemption.

New Exemptions (Comes into force with immediate effect) :

- (1) Life micro-insurance schemes for the poor, approved by IRDA, where sum assured does not exceed Rupees Fifty Thousand to be exempted from service tax.
- (2) Transport of organic manure by vessel, rail or road (by GTA) is being exempted.
- (3) Loading, unloading, packing, storage or warehousing, transport by vessel, rail or road (GTA), of cotton, ginned or baled, is being exempted.

- (4) Services provided by common bio-medical waste treatment facility operators to clinical establishments are being exempted.
- (5) Specialized financial services received by RBI from global financial institutions in the course of management of foreign exchange reserves, e.g., external asset management, custodial services, securities lending services, etc. are being exempted.
- (6) Services provided by Indian tour operators to foreign tourists in relation to a tour wholly conducted outside India are being exempted.
- (7) Service provided by ESIC prior to 1st July, 2012 is to be exempted and service provided after 1st July, 2012 was already exempt from service tax by notification no. 25/2012 (mega exemption list).

III. AMENDMENTS IN PARTIAL ABATEMENT:

Comes into force w.e.f. 1st October, 2014 :

- (1) Works contract: In Rule 2A of Service Tax Valuation Rules, category 'B' and 'C' of works contract proposed to be merged into one single category, with service portion as 70%.
- (2) Transportation of goods by vessel: Taxable portion in respect of transport of goods by vessel to be reduced from 50% to 40%. Effective service tax will decrease from the present 6.18% to 4.944%.

IV. AMENDMENTS IN CHAPTER V OF THE FINANCE ACT, 1994:

- (1) Rule is to be prescribed for determination of rate of exchange under section 67A. Earlier the rate of exchange means the rate referred in the explanation to section 14 of the Custom Act, 1962.
- (2) Section 73 to be amended to insert clause 4B which prescribed the possible time period to determine the amount of service tax due under sub section (2) of section 45 :
 - (a) within six months from the date of notice where it is possible to do so, in respect of cases whose limitation is specified as eighteen months in sub-section (1)
 - (b) within one year from the date of notice, where it is possible to do so, in respect of cases falling under the proviso to sub-section (1) or the proviso to sub-section (4A)
- (3) Now waiver is not available under section 80 for the penalty levied under first proviso of sub-section 1 of section 78.
- (4) Section 82(1) to be amended along the lines of section 12F(1) of the Central Excise Act. Now Joint Commissioner or Additional Commissioner or any other officer notified by the Board can authorize any Central Excise Officer to search and seize. Earlier any Joint Commissioner could authorize superintendent for conducting search and seizure.
- (5) Section 83 to be amended to include a reference to sections 5A (2A), 15A and 15B of the Central Excise Act :
 - (a) Section 5A(2A) prescribes that insertion of an explanation in notifications/orders within one year shall have the effect as if it had always been part of the notification;
 - (b) Section 15A is being inserted in the Central Excise Act to prescribe that specified third party sources shall furnish periodic information in the manner as may be prescribed;
 - (c) Section 15B is being inserted in the Central Excise Act to prescribe that failure to provide information under section 15A would attract penalty.

- (6) Vide section 83, Section 35F of the Central Excise Act is already applicable to service tax. Section 35F of the Central Excise Act is now being substituted with a new section which prescribes a mandatory fixed pre-deposit of 7.5% of the duty demanded or penalty imposed or both, for filing appeal before the Commissioner (Appeals) or the Tribunal at the first stage and 10% of the duty demanded or penalty imposed or both, for filing the second stage appeal before the Tribunal. The amount of pre-deposit payable would be subject to a ceiling of Rs.10 Crore. All pending appeals/stay applications would be governed by the statutory provisions prevailing at the time of filing such stay applications/appeals. When the amended section 35F in the Central Excise Act comes into force, it would, mutatis mutandis, apply to service tax by virtue of section 83 of the Finance Act, 1994.
- (7) Sub-section (6A) of section 86 proposed to be amended to omit the words “for grant of stay or”.
- (8) A new proviso is inserted to clause (c) of section 87, whereby officer empowered by the Central Board of Excise and Customs after obtaining the written approval of the Commissioner of Central Excise, for the purposes of recovering service tax at the time of transfers or otherwise disposes of business or trade in whole or in part, or effects any change in the ownership thereof of the predecessor, in consequence of which he is succeeded in such business or trade by any other person, all goods, in the custody or possession of the person so succeeding may also be attached and sold by such officer.
- (9) Section 94 to be amended to obtain rule making power:
- to impose upon assesseees, inter alia, the duty of furnishing information, keeping records and making returns and specify the manner in which they shall be verified;
 - for withdrawal of facilities or imposition of restrictions (including restrictions on utilization of CENVAT credit) on a service provider or exporter, to check evasion of duty or misuse of CENVAT credit; and
 - to issue instructions in supplemental or incidental matters for the implementation of the provisions of this Act;
- (10) Simple interest rates per annum payable under section 75, to vary on the basis of extent of delay in payment of service tax. This will come into force on 1st October 2014.

Extent of Delay	Simple Interest Rate (p.a.)
Up-to 6 months	18%
From 6 months to 1 year	24%
More than 1 year	30%

V. REVERSE CHARGE MECHANISM:

Comes into force with immediate effect:

Following services are covered under Reverse Charge Mechanism under which service recipient is required to pay service tax on entire amount.

- Service provided by a Director to a body corporate is now under RCM and body corporate is liable to pay service tax.
- Service provided by Recovery agents to Banks, Financial institutions and NBFCs are also bought under RCM.

Comes into force w.e.f. 1st October, 2014:

- (1) In renting of motor vehicle, portion of service tax payable by service provider and service receiver will be 50% each.

VI. CENVAT CREDIT:

Comes into force with immediate effect:

- (1) The condition of paying full invoice amount for availing cenvat credit, in case service tax is paid under Full Reverse Charge is now omitted.
- (2) Re-credit of Cenvat credit reversed on account of non-receipt of export proceeds within the specified period, to be allowed, if such export proceeds are received within one year from the specified period on the basis of documentary evidence of receipt of payment.
- (3) In case of GTA service, service receiver may avail abatement, without having to obtain non-availment of Cenvat Credit certificate from service provider.

Comes into force w.e.f. 1st October, 2014:

- (1) In case of rent-a-cab operator and tour operator, service tax paid by sub-contractor (in the same line of business) would be allowed as eligible credit to the main service provider to avoid double taxation, subject to certain conditions.
- (2) Entry (5) shall be substituted in Notification No. 26/2012 vide Notification No 8/2014 by which:-
 - (i) CENVAT credit on input service of renting of motorcab has been taken under the provisions of the CENVAT Credit Rules, 2004, in the following manner:
 - (a) Full CENVAT credit of such input service received from a person who is paying service tax on forty percent of the value; or
 - (b) Up to forty percent CENVAT credit of such input service received from a person who is paying service tax on full value;
- (3) The following serial number and entries shall be inserted after serial number 9 in Notification No. 26/2012 :

Serial No.	Description of Taxable Services	Percentage of Taxability	Condition
9A	Transport of passengers, with or without accompanied belongings, by a contract carriage other than motorcab.	40	CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.

w.e.f. 1st September, 2014:

- (1) Credit on input and input services shall be booked within six months from the date of the invoice or challans or other specified documents.

VII. PLACE OF PROVISION OF SERVICES RULES (Comes into force w.e.f. 1st October, 2014):

- (1) The conditions for determination of place of provision of repair service carried out on temporarily imported goods, to be omitted.
- (2) Now the word Reconditioning and Re-engineering is omitted from the proviso II to clause (a) of Rule 4 of POP, 2012.
- (3) Intermediary of goods to be given the same treatment as is given to intermediary of services.
- (4) Vessels (excluding yachts) and aircraft to be excluded from Rule 9(d) *i.e.* hiring of vessels or aircrafts, irrespective of whether short term or long term, will be covered by the general rule, which is place of location of the service receiver.

VIII. POINT OF TAXATION RULES:

- (1) In case of reverse charge services, to bring certainty in the determination of point of taxation, it is proposed to provide that point of taxation will be the payment date or first day after three months from the date of invoice, whichever is earlier. The amended point of taxation will apply to invoices issued after 1st October, 2014.

Notwithstanding anything contained in the first proviso to rule 7, if the invoice in respect of a service, for which point of taxation is determinable under rule 7 has been issued before the 1st day of October, 2014 but payment has not been made as on the said day, the point of taxation shall –

- (a) if payment is made within a period of six months of the date of invoice, be the date on which payment is made;
- (b) if payment is not made within a period of six months of the date of invoice, be determined as if rule 7 and this rule do not exist.

IX. SPECIAL ECONOMIC ZONE UNIT – *Procedural Simplification* :

- (1) A service shall be treated as exclusively used for SEZ operations if the recipient of service is a SEZ unit or developer, invoice is in the name of such unit/developer and the service is used exclusively for furtherance of authorized operations in the SEZ.
- (2) Exemption would be available from the date when list of service on which SEZ is entitled to upfront exemption is endorsed by the authorised officer of SEZ in Form A-1, provided Form A-1 is furnished to the jurisdictional Central Excise Officer within fifteen days of its verification. If furnished later, exemption would be available from the date on which Form A-1 is so furnished.
- (3) If issuance of Form A-2 is pending, exemption will be available subject to condition that authorization issued by the Central Excise Officer will be furnished to service provider within a period of three months from provision of service.
- (4) As regards services covered under reverse charge, the requirement of furnishing service tax registration number of service provider shall be dispensed with.
- (5) A service shall be treated as exclusively used for SEZ operations if the recipient of service is a SEZ unit or developer, invoice is in the name of such unit/developer and the service is used exclusively for furtherance of authorized operations in the SEZ.

X. OTHER IMPORTANT POINTS

(1) Every assessee shall electronically pay the service tax payable by him, through internet banking w.e.f. 1st October, 2014. (Notification No. 9/2014)

(2) Input Service Distributor (Circular No. 178/4/2004-ST) :

Credit of service tax attributable to service used by more than one unit shall be distributed pro rata on the basis of the turnover of such units during the relevant period to the total turnover of all its units, which are operational in the current year, during the said relevant period.

CENTRAL EXCISE PROPOSALS

Proposals involving changes in rates of duty

I. AGRICULTURE/AGRO PROCESSING/PLANTATION SECTOR:

Particulars/Items	Rate of Duty
Excise duty on machinery for the preparation of meat, poultry, fruits, nuts or vegetables, and on presses, crushers and similar machinery used in the manufacture of wine, cider, fruit juices or similar beverages and on packaging machinery	Reduced from 10% to 6%

II. AUTOMOBILES:

Particulars/Items	Rate of Duty
Parts of tractors removed from one or more factories of a tractor manufacturer to another factory of same manufacturer	Fully Exempted

III. METALS:

Particulars/Items	Rate of Duty
Winding wires of copper	Increased from 10% to 12%

IV. PRECIOUS METALS:

Un-branded articles of precious metals are being exempted from excise duty for the period 01.03.2011 to 16.03.2012.

V. TEXTILES:

Particulars/Items	Rate of Duty
Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY) manufactured from plastic waste or scrap or plastic waste including waste polyethylene terephthalate (PET) bottles; and	Fully Exempted • Retrospectively w.e.f. 29.06.2010 to 07.05.2012
Intermediate product 'Tow' arising during the course of manufacture of such PSF/PFY.	Fully Exempted • Retrospectively w.e.f. 29.06.2010 to 10.07.2014
Polyester Staple Fiber and Polyester Filament Yarn manufactured from plastic waste or scrap or plastic waste including waste polyethylene terephthalate (PET) bottles. – Newly inserted w.e.f. 11.07.2014	
Without CENVAT	2%
With CENVAT	6%

VI. HEALTH:

Particulars/Items		Rate of Duty
DDT manufactured by Hindustan Insecticides Limited for supply to the National Vector Borne Diseases Control Programme (NVBDCP) of the Ministry of Health & Family Welfare		Fully Exempted
HIV/AIDS drugs and diagnostic kits supplied under National AIDS Control Programme (NACP) funded by the Global Fund to Fight AIDS, TB and Malaria (GFATM)		Fully Exempted
Cigarette of length		
	Not exceeding 65 mm	Increased from 11% to 21%
	Others	Increased from 11% to 72%
Similar amendment has been proposed for cigars, cheroots and cigarillos		
Pan masala		Increased from 12% to 16%
Where a manufacturer manufactures pouches of different RSPs on a single machine, the duty liability for that month would be the duty applicable to the highest of the RSP so manufactured in case of Pan Masala Packing Machine		w.r.e.f 13.04.2010
Unmanufactured tobacco		Increased from 50% to 55%
Jarda scented tobacco, Gutkha and chewing tobacco		Increased from 60% to 70%

VII. ELECTRONICS/HARDWARE:

Particulars/Items		Rate of Duty
Recorded smart cards		
	Without CENVAT	Increased from 2% to 12%
	With CENVAT	Increased from 6% to 12%
Reverse osmosis (RO) membrane element used for water filtration		
	Used in household type filters	Reduced from 12%/10% to 6%
	Others	Fully Exempted
Metal Core PCB and LED driver for use in the manufacture of LED lights and fixtures and LED lamps		Reduced from 12%/10% to 6%

VIII. RENEWABLE ENERGY:

Particulars/Items	Rate of Duty
Forged steel rings used in the manufacture of bearings of wind operated electricity generators	Reduced from 12% to NIL
Solar tempered glass used in the manufacture of solar photo/voltaic cells/modules, solar power generating equipment/system, and flat plate solar collectors	Fully Exempted
Machinery, equipments, etc. required for setting up of solar energy production projects	Fully Exempted
Back sheet and EVA sheet used in the manufacture of photovoltaic cells/modules and specified raw materials used in their manufacture	Fully Exempted
Parts consumed within the factory of production for the manufacture of non-conventional energy devices	Fully Exempted
Flat copper wire used in the manufacture of PV ribbons (tinned copper interconnect) for use in the manufacture of solar cells/modules	Fully Exempted
Machinery, equipments, etc. required for setting up of compressed biogas plant (Bio-CNG)	Fully Exempted

IX. CONSUMER GOODS:

Particulars/Items	Rate of Duty
Footwear	
Retail price in between Rs.500 to Rs.1000	Reduced from 12% to 6%
Others	No Change
Gloves specially designed for use in sports – Concessional rate of duty extended	
Without CENVAT	2%
With CENVAT	6%
Aerated waters containing added sugar	Additional duty of 5% ad valorem has been levied
Hand operated sewing machine (other than those operated with electric motors whether in built or attachable)	
2% Without CENVAT	Has been rationalized by levying concessional excise duty
6% With CENVAT	

X. ENERGY SECTOR:

Particulars/Items	Rate of Duty
Branded Petrol	Reduced from Rs. 7.5 per liter to Rs. 2.35 per liter
Liquified Propane and Butane mixture, Liquified Propane, Liquefied Butane and Liquified Petroleum Gases (LPG) for supply to Non-Domestic Exempted Category (NDEC) customers by the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited	Fully Exempted • Retrospectively from 08.02.2013
Clean Energy Cess levied on coal, lignite and peat	Increased from Rs. 50 per tonne to Rs. 100 per tonne

XI. SECURITY AND STRATEGIC PURPOSES:

Particulars/Items	Rate of Duty
Goods supplied to National Technical Research Organization (NTRO).	Fully Exempted
Security threads and security fibre supplied to Security Paper Mill Corporation of India Limited (SPMCIL) and Bank Note Paper Mill India Private Limited (BNPMIPL).	Fully Exempted

XII. MISCELLANEOUS:

Particulars/Items	Rate of Duty
Intermediate goods manufactured and consumed captively for further manufacture of matches	Fully Exempted
Plastic materials reprocessed out of the scrap or waste and cleared into the DTA by an EOU	Fully Exempted
Writing and printing paper for printing of educational textbooks	
Without CENVAT	Uniformed the rate of duty from 2%/6% to 6%
With CENVAT	

- Excise Duty exemption to “all goods supplied against International Competitive Bidding” includes sub-contractors for manufacture and supply of goods to the main contractor.
- Education cess and secondary & higher education cess (customs component) is being exempted on goods cleared by an EOU into the DTA.
- The exemption from education cess and secondary & higher education cess under notifications No.28/2010-CE and No.29/2010-CE, both dated 22.06.2010 is applicable only in respect of the clean energy cess leviable on coal and not in respect of excise duty leviable on coal.
- All goods falling under headings 8601 to 8606 (except 8604) attract 6% excise duty with CENVAT benefit.

AMENDMENTS IN THE CENTRAL EXCISE ACT, 1944:

- Section 15A is being inserted so as to empower the Central Government to prescribe an authority or agency to whom the information return shall be filed by the specified persons such as Income Tax Authorities, State Electricity Boards, VAT or Sales Tax Authorities, Registrar of Companies. Information can be collected for the purposes of the Act, such as, to identify tax evaders or recover confirmed dues. It is also proposed to insert a new section 15B which provides for imposition of penalty if the information return is not submitted.
- To allow filing of applications of settlement before the Settlement Commission in cases where the applicant has not filed the returns after recording reasons for the same.
- Insert an Explanation that the concealment of particulars of duty liability relates to any such concealment made from the officer of central excise and not from the Settlement Commission.
- Increase the discretionary powers of the Tribunal to refuse admission of appeal from the existing Rs. 50,000 to Rs. 2 lakh.
- To insert a proviso in sub-section (3) to vest the Board with powers to condone delay for a period upto 30 days for review by the Committee of Chief Commissioners of the orders in original passed by the Commissioner of Central Excise.
- New section substituted to prescribe a mandatory fixed pre-deposit of 7.5% of the duty demanded or penalty imposed or both for filing appeal with the Commissioner (Appeals) or the Tribunal at the first stage and 10% of the duty demanded or penalty imposed or both for filing second stage appeal before the Tribunal. The amount of pre-deposit payable would be subject to a ceiling of Rs. 10 crores.
- Determination of disputes relating to taxability or excisability of goods is covered under the term 'determination of any question having a relation to rate of duty' and hence, appeal against Tribunal orders in such matters would lie before the Supreme Court.
- Section 35R is being amended so as to enable the Commissioner (Appeal) to take into consideration the fact that a particular order being cited as a precedent decision on the issue has not been appealed against for reasons of low amount.
- The Third Schedule to the Central Excise Act, 1944 is being aligned with notification No. 49/2008-CE (NT) dated 24.12.2008 which specifies goods liable for assessment based on Retail Sale Price (RSP). The all above will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

Notification Update➤ **N.N. 13/2014 – Central Excise**

To give effect to the second proposal under HEALTH heading above, following goods has been exempted :

- Anti – Retroviral Drugs (A R V Drugs)*
- Diagnostics and Equipments*

Subject to the condition that a certificate from an officer not below the rank of Deputy Secretary to the Government of India in the Ministry of Health and Family Welfare.

**Subject to the description mentioned in the above said notification.*

CUSTOM PROPOSALS

A. General

1. Baggage Rules are being amended to –
 - Raise the free baggage allowance from Rs.35,000 to Rs.45,000
 - Reduce the duty free allowance of
 - cigarettes from 200 to 100,
 - cigars from 50 to 25 and
 - tobacco from 250 gms to 125 gms.

B. Proposals involving changes in rates of duty

I. AGRICULTURE/AGRO PROCESSING/PLANTATION SECTOR:

- (a) Description of the product “sun dried dark seedless raisins” is being changed to “dark seedless raisins”.
- (b) Full Exemption to de-oiled soya extract, groundnut oil cake/oil cake meal, sunflower oil cake/oil cake meal, canola oil cake/oil cake meal, mustard oil cake/oil cake meal, rice bran/rice bran oil cake and palm kernel cake, up to 31.12.2014.

II. CHEMICALS AND PETROCHEMICALS:

Particulars/Items	Rate of BCD
Reformate	Reduced from 10% to 2.5%.
Propane, ethane, ethylene, propylene, butadiene	Reduced from 5% to 2.5%.
Ortho-xylene	Reduced from 5% to 2.5%.
Denatured ethyl alcohol and methyl alcohol	Reduced from 7.5% to 5%.
Crude naphthalene	Reduced from 10% to 5%.
Fatty acids, crude palm stearin, RBD and other palm stearin and specified industrial grade crude oils for manufacture of soaps and oleochemicals subject to actual user condition.	Reduced from 7.5% to Nil
Crude glycerine	
➤ In General	Reduced from 12.5% to 7.5%
➤ For manufacture of soaps subject to actual user condition	Reduced from 12.5% to Nil

III. ENERGY SECTOR:

Particulars/Items	Rate of BCD
Non-agglomerated coal	Rationalized at 2.5%
Coking coal	Increased from NIL to 2.5%
Steam coal and bituminous coal	Increased from 2% to 2.5%
Anthracite coal and other coal	Reduced from 5% to 2.5%.
Metallurgical coke	Increased from Nil to 2.5%.
Re-gasified LNG for supply to Pakistan	Exempted
Liquified Propane and Butane mixture, Liquified Propane, Liquified Butane and Liquified Petroleum Gases (LPG) imported by the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited, for supply to Non-Domestic Exempted Category (NDEC) customers	Exempted w.e.f. 08.02.2013

Particulars/Items	Rate of CVD
Non-agglomerated coal	Rationalized at 2%
Anthracite coal, Coking coal and other Coal	Reduced from 6% to 2%.

IV. TEXTILES:

Particulars/Items	Rate of BCD
Import of trimmings & embellishments used by the readymade textile garment sector for manufacture of garments for export	Increased from 3% to 5%.
Raw materials for manufacture of spandex yarn viz. Polytetramethylene ether glycol (PT MEG) and Diphenylmethane 4, 4 di-isocyanate (MDI)	Reduced from 5% to Nil

- Non-fusible embroidery motifs or prints are being included in the list of items eligible to be imported duty free for manufacture of garments for export.
- The list of specified goods required by handicraft manufacturer-exporters is being expanded by including wire rolls so as to provide Customs Duty exemption on import by handicraft manufacturer-exporters.
- Fusible embroidery motifs or prints, anti-theft devices, pin bullets for packing, plastic tag bullets, metal tabs, bows, ring and slider hand rings are being included in the list of items eligible to be imported duty free for manufacture of handloom made ups or cotton made ups or manmade made ups for export.
- Specified goods imported for use in the manufacture of textile garments for export are fully exempt from BCD and CVD subject to the condition that the manufacturer produces an entitlement certificate from the Apparel Export Promotion Council. In addition, Indian Silk Export Promotion Council (ISEPC) is being authorised to issue entitlement certificate.

V. METALS:

Particulars/Items	Rate of BCD
Stainless steel flat products (CTH 7219 and 7220)	Increased from 5% to 7.5%
Ships imported for breaking up	Reduced from 5% to 2.5%.
Coal tar pitch	Reduced from 10% to 5%.
Battery waste and battery scrap	Reduced from 10% to 5%
Steel grade limestone and steel grade dolomite	Reduced from 5% to 2.5%.
Particulars/Items	Rate of Export Duty
Export duty on bauxite	[N/N 15/2014] Increased from 10% to 20%

VI. PRECIOUS METALS:

Particulars/Items	Rate of Duty
Half-cut or broken diamonds	Increased from NIL to 2.5%
On cut & polished diamonds and colored gemstones	Increased from 2% to 2.5%.
Pre-forms of precious and semi-precious stones.	Fully Exempted

- To Increase the variation levels in respect of Re-import of cut and polished diamonds. [N/N 16/2014]
- The variation level and the parameter of measurement in respect of re-import of cut and polished diamonds after certification/grading from a foreign laboratory/agency are being increased as a trade facilitation measure.

VII. ELECTRONICS/HARDWARE:

Particulars/Items	Rate of BCD
LCD and LED TV panels of below 19 inches	Reduced from 10% to NIL
Specified parts of LCD and LED panels for TVs.	Exempted
Colour picture tubes for manufacture of cathode ray TVs	Reduced from 10% to NIL.
Specified telecommunication products not covered under the ITA (Information Technology Agreement)	Increased from NIL to 10%.
E-Book readers	Reduced from 7.5% to NIL
Particulars/Items	Rate of SAD
All inputs/components used in the manufacture of Personal Computers (laptops/desktops) and tablet computers	Exempted
Specified inputs (PVC sheet & Ribbon) used in the manufacture of smart cards.	Exempted

Particulars/Items	Rate of CVD
Portable X-ray machine / system [N/N 20/2014]	Exemption Withdrawn

- Education cess and Secondary and Higher Education (SHE) cess is being levied on imported electronic products.

VIII. RENEWABLE ENERGY:

Particulars/Items	Rate of BCD
Forged Steel Rings used in the manufacture of bearings of wind operated electricity generators.	Reduced from 10% to 5%
Machinery, Equipments, etc. required for setting up of solar energy production projects. [N/N 14/2014]	Reduced to 5%.
Specified Raw Materials used in the manufacture of solar backsheet and EVA sheet.	Fully Exempted
Flat copper wire used in the manufacture of PV ribbons (tinned copper interconnect) for solar PV cells/modules.	Fully Exempted

Particulars/Items	Rate of SAD
Parts and components required for the manufacture of Wind Operated Electricity Generators.	Fully Exempted

- Concessional customs duty of 5% is being provided on machinery, equipments, etc. required for setting up of compressed gas plant (Bio-CNG). [N/N 13/2014]

IX. CAPITAL GOODS/INFRASTRUCTURE:

- It is being clarified that road construction machinery imported duty free can be sold within 5 years of importation subject to payment of customs duty on depreciated value and that individual constituents of the consortium whose names appear in the contract can import goods without payment of duty.
- State Governments concerned are being notified as sponsoring authority for Metro Rail Projects covered under the Project Import Regulations, 1986.
- Plants & Equipment imported prior to 2008 for use in projects financed by the UN or an international organization, which hitherto could not be transferred / sold / re-exported out of the project site, are now being allowed to be transferred / sold / re-exported from the project site. [N/N 22/2014]
- The requirement of certification by Ministry of Road Transport (or NHAI) for availing of customs duty exemption on specified goods required for construction of roads is being done away with.
- Director (Electrical) is being authorized to issue the requisite certificate to enable Delhi Metro Rail Corporation to avail of Nil BCD and Nil CVD benefits in respect of their Phase-1 and Phase-2 projects instead of Director (Rolling Stock, Electrical & Signalling) at present.

X. HEALTH:

Particulars/Items	Rate of BCD
HIV/AIDS drugs and diagnostic kits imported under National AIDS Control Programme (NACP) funded by the Global Fund to Fight AIDS, TB and Malaria (GFATM). [N/N 23/2014]	Fully Exempted

XI. SECURITY AND STRATEGIC PURPOSES:

Particulars/Items	Rate of BCD
Goods imported by National Technical Research Organisation (NTRO).	Fully Exempted
Security fibre, security threads and M-feature imported by Bank Note Paper Mill India Private Limited (BNPMIPL), Mysore.	Fully Exempted
Raw materials required for manufacture of security threads and security fibre subject to actual user condition.	Fully Exempted
Goods imported for use in the manufacture of aircrafts for the Ministry of Defence, subject to condition.	Fully Exempted

Particulars/Items	Rate of CVD
Raw materials required for manufacture of security threads and security fibre subject to actual user condition.	Fully Exempted
Goods imported for use in the manufacture of aircrafts for the Ministry of Defence, subject to condition.	Fully Exempted

XII. AIRCRAFTS & SHIPS:

Particulars/Items	Rate of BCD
Aircraft engines and parts when imported for servicing, repair or maintenance of aircrafts used for scheduled operations.	Fully Exempted

XIII. MISCELLANEOUS:

Particulars/Items	Rate of BCD
Polystyrene (other than moulding powder)	Increased from 1.15% to 7.5%.
Electrolysers and their parts/spares required by caustic soda or caustic potash units and membranes and their parts/spares required by industrial plants based on membrane cell technology	Reduced from 5% to 2.5%
Other spares (other than membranes and parts thereof)	Reduced from 7.5% to 2.5%

- A provision is being made for refund of Customs duty paid at the time of import of scientific and technical instruments, apparatus, etc. by public funded and other research institutions, subject to submission of a certificate of registration from the Department of Scientific & Industrial Research (DSIR). **[N/N 24/2014]**

- Section 8B of the Customs Tariff Act, 1975 is being amended so as to provide for levy of safeguard duty on inputs/raw materials imported by an EOU and cleared into DTA as such or are used in the manufacture of final products & cleared into DTA.

AMENDMENTS IN THE CUSTOMS ACT, 1962:

- (1) For determination of rate of duty and tariff valuation for imports through a vehicle in cases where the Bill of Entry is filed prior to the filing of Import Report.
- (2) To provide that the customs duties on mineral oils including petroleum & natural gas extracted or produced in the continental shelf of India or the exclusive economic zone of India shall not be recovered for the period prior to 7th February, 2002.
- (3) The filing of a Bill of Entry prior to the filing of Import Report for imports through land route is allowed.
- (4) An application for settlement of cases can also be filed in cases where a Bill of Export, Baggage Declaration, Label or Declaration accompanying the goods effected through Post or Courier have been filed.
- (5) Explanation that the concealment of particulars of duty liability relates to any such concealment made from the officer of customs and not from the Settlement Commission has been inserted.
- (6) Increase in discretionary powers of the Tribunal to refuse admission of appeal from the existing Rs. 50,000 to Rs. 2 lakh.
- (7) A proviso in sub-section (3) has been inserted so as to vest the Board with powers to condone delay for a period of upto 30 days, for review by the Committee of Chief Commissioners of the orders in original passed by the Commissioner of Customs.
- (8) Section 129E is being substituted with a new section to prescribe a mandatory fixed pre-deposit of 7.5% of the duty demanded or penalty imposed or both for filing appeal with the Commissioner (Appeals) or the Tribunal at the first stage and 10% of the duty demanded or penalty imposed or both for filing second stage appeal before the Tribunal. The amount of pre-deposit payable would be subject to a ceiling of Rs. 10 crores.

AMENDMENT IN THE CUSTOMS TARIFF ACT, 1975:

- (1) To provide for levy of safeguard duty on inputs/raw materials imported by an EOU and cleared into DTA as such or are used in the manufacture of final products & cleared into DTA.

This change will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

Notifications :

Notification No.	Particulars/Items
11/2014	Seeks to amend notification No. 24/2005-Customs dated 1 st March 2005 so as to levy BCD @ 10% on specified telecommunication products not covered under the ITA.
18/2014	To provide for levy of education cess on CVD portion of customs duty leviable on imported IT products
19/2014	To provide for levy of secondary and higher education cess on CVD portion of customs duty leviable on imported IT products
24/2014	To provide flexibility in securing registration from DSIR to avail duty benefit for setting up of R&D units.
25/2014	To notify concerned State Governments as sponsoring authority for Metro Rail Projects covered under the Project Import Regulations, 1986. [N/N 25/2014]

OTHER PROPOSALS

I. OVERVIEW OF INDIAN ECONOMY

- Decline in fiscal deficit from 5.7% in 2011-12 to 4.5% in 2013-14 mainly achieved by reduction in expenditure rather than by way of realization of higher revenue.
- Introduction of GST to be given thrust.
- The manufacturing units to be allowed to sell its products through retail including Ecommerce platforms.
- PSUs will invest through capital investment a total sum of Rs. 2,47,941 crores in the current financial year.
- Higher Exports and lower Imports led to a contraction in trade deficit for 2013-14 to US\$ 137.5 billion vis-à-vis US\$ 190.3 billion in 2012-13.
- The government is committed to achieve this target. Road map for fiscal consolidation outlines fiscal deficit of 3.6 % for 2015-16 and 3 % for 2016-17.
- Employment exchanges to be transformed into career centres. A sum of Rs. 100 crore provided for that sector.
- Requirement to infuse Rs.2,40,000 crore as equity by 2018 in our banks to be in line with Basel-III norms.
- A sum of Rs.7060 crore is provided in the current fiscal for the project of developing 'one hundred Smart Cities'.

II. INFRASTRUCTURE AND INDUSTRIAL DEVELOPMENT

- An institution to provide support to mainstreaming PPPs called 4P India to be set up with a corpus of Rs. 500 crores.
- SEZs will be developed in Kandla and JNPT.
- Project on Ganges called 'Jal Marg Vikas' to be developed between Allahabad and Haldia.
- Scheme for development of new airports in Tier I and Tier II Cities to be launched.
- An investment of an amount of Rs. 37,880 crores in NHAI and State Roads is proposed which includes Rs. 3000 crores for the North East.
- Work on select expressways in parallel to the development of the Industrial Corridors will be initiated. For project preparation NHAI shall set aside a sum of Rs. 500 crore.
- Rs. 100 crore is allocated for a new scheme 'Ultra-Modern Super Critical Coal Based Thermal Power Technology'.
- A Green Energy Corridor Project is being implemented to facilitate evacuation of renewable energy across the country.
- Production and exploitation of Coal Bed Methane reserves will be accelerated.
- Changes, if necessary, in the MMDR Act, 1957 to be introduced to encourage investment in mining sector and promote sustainable mining practices.

- Requirement to infuse Rs.2,40,000 crore as equity by 2018 in our banks to be in line with Base I-III norms.
- Rs. 3000 crore is provided in the current financial year for modernization of state police forces.

III. MICRO, SMALL & MEDIUM ENTERPRISES

- Fund of Funds with a corpus of Rs.10,000 crore for providing equity through venture capital funds, quasi equity, soft loans and other risk capital specially to encourage new startups by youth to be set up.
- Corpus of Rs. 200 crore to be set up to establish Technology Centre Network.

IV. TEXTILES

- Rs. 50 crore is provided to set up a Trade Facilitation Centre and a Crafts Museum to develop and promote handloom products and carry forward the rich tradition of handlooms of Varanasi.
- Sum of Rs. 500 crore for developing a Textile mega-cluster at Varanasi and six more at Bareilly, Lucknow, Surat, Kutch, Bhagalpur and Mysore.
- Rs. 20 crore to set up a Hastkala Academy for the preservation, revival, and documentation of the handloom/handicraft sector in PPP mode in Delhi.
- Rs. 50 crore is provided to start a Pashmina Promotion Programme (P-3) and development of other crafts of Jammu & Kashmir.

V. FINANCIAL SECTOR

- RBI to create a framework for licensing small banks and other differentiated banks.
- Six new Debt Recovery Tribunals to be set up.
- A National Savings Certificate with insurance cover to provide additional benefits for the small savers.
- For venture capital in the MSME sector, a Rs. 10,000 crore fund to act as a catalyst to attract private Capital by way of providing equity , quasi equity, soft loans and other risk capital for start-up companies with suitable tax incentives to participating private funds to be established.
- A further sum of Rs. 1000 crore to meet requirement for “One Rank One Pension”.
- Capital outlay for Defence increased by Rs. 5000 crore including a sum of Rs. 1000 crore for accelerating the development of the Railway system in the border areas.
- Rs. 100 crore is provided to be set up a Technology Development Fund for Defence.

VI. CAPITAL MARKET

- Uniform tax treatment for pension fund and mutual fund linked retirement plan.
- Single demat account for all financial instruments.
- Universal KYC norms.
- Government in close consultation with the RBI to put in place a modern monetary policy framework.
- Ongoing process of consultations with all the stakeholders on the enactment of the Indian Financial Code and reports of the Financial Sector Legislative Reforms Commission (FSLRC) to be completed.

VII. FDI

- FDI limit in Defence raised from 29% to 49%.
- FDI limit in insurance raised from 26% to 49%.
- Condition for FDI to encourage development of smart cities reduced from 50000 sq. mtrs to 20000 sq. mtr. and from USD 10 million to USD 5 million.

VIII. OTHERS

- E-visas at 9 airports in next 6 months to help visa on arrival.
- Kisan Vikas Patra, the rural household saving instrument re-introduced.
- EPF limit raised from Rs. 6500 to Rs. 15000.
- Deposit limit in PPF raised from Rs. 1 Lac to Rs. 1.50 Lacs
- Manufacturing units allowed to sell its products through retail including e-commerce without additional approvals.
- Rs. 2037 crores provided for Integrated Ganga Conservation Mission "NAMAMI, GANGE".
- Rs. 200 crore provided for upgrading the indoor and outdoor sports stadiums in Jammu and Kashmir Valley to international standards.
- Rs. 50 crore provided to solve the long term water supply issues to the capital region. Construction of long pending Renuka Dam to be taken up on priority.
- Rs. 188 crore to Puducherry for meeting commitments for Disaster preparedness.
- Rs. 500 crore provided to support displaced Kashmiri migrants for rebuilding their lives.
- Rs. 500 crore provided for developing 5 tourist circuits around specific themes.
- Rs. 3000 crore is provided in the current financial year for modernization of state police forces.
- To provide institutional finance to landless farmers, it is proposed to provide finance to 5 lakh joint farming groups of "Bhoomi Heen Kisan" through NABARD.
- IFRS to be applicable voluntarily from financial year 2015-16 and mandatory from financial year 2016-17.
- All future indirect transfers under the retro tax regime will be scrutinised by a high level committee of CBDT before action is taken.
- 4 more AIIMS in Andhra Pradesh, West Bengal, Vidharba and Purvanchal are under consideration; Rs. 500 cr provided.
- 5 new IIMs and 5 new IITs proposed to be set up.
- 'Kisan' TV channel to be launched by DD at cost of Rs 100 crore: Rs 100 crore for Community radio stations proposed.
- Govt proposes to add 12 more medical government colleges.

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