

News Weekly

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Important Dates

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UNION BUDGET 2015



HIGHLIGHTS– UNION BUDGET 2015

Budget 2015 proposals presented by the Honourable Finance Minister before the parliament are analysed in this documents. It should not be relied upon as a substitute for detailed advice or analysis for formulating business decision. The proposals are subject to amendment as the Finance Bill is yet to be passed by the Parliament.

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A. DIRECT TAX PROPOSALS

1. Rates of Income Tax for the Assessment Year 2016-2017

☞ No change in rate of personal income tax in case of Individual, HUF, AOP/BOI or every judicial person. Tax slab structure stands as:

Individual (Other than Senior Citizen)	Rate
Income up to ₹. 250,000	Nil
Income from ₹. 250,001 to ₹. 500,000	10%
Income from ₹. 500,0001 to ₹. 10,00,000	20%
Income above ₹. 10,00,000	30%

Senior Citizens (aged 60 years and above but below 80 years)	
Income up to ₹. 300,000	Nil
Income from ₹. 300,001 to ₹. 500,000	10%
Income from ₹. 500,0001 to ₹. 10,00,000	20%
Income above ₹. 10,00,000	30%

Very Senior Citizen (aged 80 years & above)	
Income up to ₹. 500,000	Nil
Income from ₹. 500,0001 to ₹. 10,00,000	20%
Income above ₹. 10,00,000	30%

Surcharge: The amount of income-tax computed in accordance with the above rates shall be increased by surcharges at the rates **12%** of such income-tax in case of a person having **total taxable income exceeding ₹ 1 crore.**

Cess: Education Cess @2% and Secondary and Higher Education Cess @1% shall be chargeable on income tax.

☞ COMPANY

Rate of tax not changed. Proposal to reduce corporate tax from 30% to 25% over the next four years, starting from next financial year.

Surcharge: The surcharge at the rate of **7%** in case of domestic company shall be levied if the total income of the domestic company exceeds ₹ 1 crore but does not exceed ₹ 10 crore.

The surcharge will be **12%** if the total income of the domestic company exceeds ₹ 10 crore.

Cess: Education Cess @2% and Secondary and Higher Education Cess @1% on income tax shall be chargeable.

2. It is proposed to **abolish the levy of wealth tax under** the Wealth-tax Act, 1957 with effect from the April 01, 2016.
3. Exemption Limit **for transport allowance** is to be increased to **₹. 1,600/-** per month to ₹ 800/- per month.
4. **Tax benefit under the Sukanya Samridhi Account Scheme**

Pursuant to the budget announcement in July 2014, a special small savings instrument for the welfare of the girl child has been introduced under the **Sukanya Samridhi Account Rules, 2014**. The Following tax benefits have been envisaged in the Sukanya Samridhi Account Scheme:-

- a) The investment made in the Scheme will be **eligible for deduction under section 80C** of the Income-tax Act.
- b) The **interest** accruing on deposits in such account will be **exempted** from income tax
- c) The **withdrawal** from the said scheme in accordance with the rules of the said scheme will be **exempted** from tax.

The scheme has been notified under section 80C(2)(vii) vide Notification number 9/2015 S.O.210 (E), F No. 178/3/2015-ITA- I dated 21.01.2015 **[with effect from Assessment Year 2015-2016]**

5. **Amendment relating to deduction from Gross Total Income [with effect from Assessment Year 2016-2017]**

Section	Particulars	Old Limit	New Limit
80CCC	Contribution to Pension Fund	100,000	150,000
80CCD	Contribution to New Pension Scheme of Central Government	10% of Salary	50,000
80D	Health Insurance Premium	15,000	25,000
	For Senior Citizens	20,000	30,000
	Medical Expenditure of Senior Citizen above age of 80 years	-	30,000
80DDB	For Senior Citizen	60,000	80,000
80U	Additional Deduction for person with disability	50,000	75,000
	Additional Deduction for Severe Disability	100,000	125,000

6. Donation made to National Fund for Control of Drug Abuse (NFCDA) to be eligible for 100% deduction **under section 80G** of Income-tax Act. **[with effect from Assessment Year 2016-2017]**
7. Donations made by any donor to the **Swachh Bharat Kosh** and donations made by domestic donors to **Clean Ganga Fund** will be eligible for a deduction of **100%** from the total income under **section 80G** of Income-tax Act. However, any sum spent in pursuance of Corporate Social Responsibility under sub-section (5) of section 135 of the Companies Act, 2013, will not be eligible for deduction from the total income of the donor. **[With effect from Assessment Year 2015-2016]**

8. With a view to encourage generation of employment, it is proposed to amend the **section 80JAA** so as to **extend the benefit to all assessees having manufacturing units** rather than restricting it to corporate assessees only. Further, in order to enable the smaller units to claim this incentive, it is proposed to extend the benefit under the section to units employing even **50** instead of 100 regular workmen.

It is also proposed to amend clause (i) of the Explanation so as to provide “additional wages” to mean the wages paid to the new regular workmen in excess of **fifty workmen** employed during the previous year.

These amendments will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.

9. It is proposed to amend **section 92BA** by increasing the limit of specified domestic transactions entered into by the assessee from ₹ 5 Crores to ₹ 20 Crores rupees. **[With effect from Assessment Year 2016-2017]**

10. **Additional Investment Allowance and provisions in respect of additional depreciation**

A new **section 32AD** is proposed to be inserted to provide for an additional investment allowance of an amount equal to 15% of the cost of new asset acquired and installed by an assessee, if—

- a) He sets up an undertaking or enterprise for manufacture or production of any article or thing on or after 1st April, 2015 in any notified backward areas in the State of Andhra Pradesh and the State of Telangana; and
- b) The new assets are acquired and installed for the purposes of the said undertaking or enterprise during the period beginning from the 1st April, 2015 to 31st March, 2020.

This deduction shall be available over and above the existing deduction available under section 32AC of the Act.

Additional Depreciation at the rate of 35%

Further, in order to incentivise acquisition and installation of plant and machinery for setting up of manufacturing units in the notified backward area in the State of Andhra Pradesh or the State of Telangana, it is proposed to **allow higher additional depreciation at the rate of 35% (instead of 20%)** in respect of the actual cost of new machinery or plant (other than a ship and aircraft) acquired and installed by a manufacturing undertaking or enterprise which is set up in the notified backward area of the State of Andhra Pradesh or the State of Telangana on or after the 1st day of April, 2015 **[with effect from Assessment Year 2016-2017]**

11. **Allowance of balance 50% additional depreciation [section 32(1)(ia)]**

To remove the discrimination in the matter of allowing additional depreciation under section 32(1)(ia) on plant or machinery used for less than 180 days in the year of acquisition, it is proposed to provide that the **balance 50% of the additional depreciation** on new plant or machinery acquired and used for less than 180 days which has not been allowed in the year of acquisition and installation of such plant or machinery, shall be allowed in the immediately succeeding previous year. **[with effect from Assessment Year 2016-2017]**

12. **Amendment to the conditions for determining residency status in respect of Companies**

Place of Effective Management [POEM] is proposed to be introduced for determining the residential status of company which is in line with Double Taxation Avoidance Agreements [DTAA]

It is proposed to amend the provisions of section 6 to provide that a person being a company shall be said to be resident in India in any previous year, if-

- (i) it is an Indian company; or
- (ii) Its **place of effective management (POEM)**, at any time in that year, is in India. (Earlier the provision was – during that year, the control and management of its affairs is situated wholly in India)

Further, it is proposed to define the place of effective management to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made. **[with effect from Assessment Year 2016-2017]**

13. **Cost of acquisition in the hands of resulting company in demerger**

There is no express provision under the Income-tax Act, with regard to value to be considered as cost of acquisition of a capital asset in the hands of resulting company on transfer of capital assets acquired on demerger. Accordingly, section 49 is proposed to be amended to provide that the cost of acquisition of an asset acquired by resulting company shall be the **cost for which the demerged company acquired the capital asset** as increased by the cost of improvement incurred by the demerged company. **[With effect from Assessment Year 2016-2017]**

14. **Definition of charitable purpose [section 2(15)]**

The definition for charitable purpose provided under section 2(15) is proposed to be amended to include the activity of Yoga as a special category of activity to be considered as charitable purpose on the lines of education.

The definition is proposed to be further amended to provide that the advancement of any other object of general public utility shall not be a charitable purpose, if it involves the carrying on of any activity in the nature of trade, commerce or business, or any activity of rendering any service in relation to any trade, commerce or business, for a cess or fee or any other consideration, irrespective of the nature of use or application, or retention, of the income from such activity, unless,-

- (i) Such activity is undertaken in the course of actual carrying out of such advancement of any other object of general public utility; and
- (ii) The aggregate receipts from such activity or activities, during the previous year, do not exceed 20% of the total receipts, of the trust or institution undertaking such activity or activities, for the previous year. **[With effect from Assessment Year 2016-2017]**

15. **Rationalisation of provisions of section 11 relating to accumulated of income by charitable trusts and institutions [section 11 and 13]**

In order to remove the ambiguity regarding the period within which the assessee is required to file Form 10, and to ensure due compliance of the above conditions with time. It is proposed to amend the Act to provide that the said Form shall be filed before the due date of filing return income specified under section 139 of the Act for the fund or institution. In case the form 10 is not submitted before this date then the benefit of accumulation could not be available and such income would be taxable at the applicable rate.

Further the benefit of accumulation would also not be available if return of income is not furnished before the due date of filing return of income.

16. **Revised rate of Tax Deducted at Source (TDS) for the Assessment Year 2015-2016 and 2016-2017**

The proposed changes related to TDS under Chapter XVII of the Income tax Act, 1961 are as under:

- It is proposed to amend the provisions of section 192 of the Act to provide that the person responsible for paying, for the purposes of estimating income of the assessee or computing tax deductible under section 192(1) of the Act, shall obtain from the assessee evidence or proof or particulars of the prescribed claim (including claim for set-off of loss) under the provisions of the Act in the prescribed form and manner.
- It is proposed to insert a new provision in the Act for TDS @ 10% on premature taxable withdraws from EPFS within a threshold limit for payment of ₹ 30,000/-. Further proposed that the facility of filing self-declaration for non-deduction of tax under section 197A of the Act shall be extended to the employee receiving pre-matured withdrawal. Further, non furnishing of the PAN to the EPFS for receiving these payments would attract deduction of tax at the maximum marginal rate, i.e. 20% or 30% as the case may be.
- Section 194A amended to expressly provide that **from 1st June, 2015** the exemption provided from deduction of tax from payment of interest to members by a co-operative society under section 194A(3)(v) of the Act shall not apply to the payment of interest on time deposits by the co-operative banks to its members.
- It is proposed to amend the definition of **'time deposits' as per section 194(3) to include recurring deposits also**. This implies that now, interest on recurring deposits is also subject to TDS.
- Section 194A shall not apply to income paid by way of interest on the compensation amount awarded by the Motor Accidents Claims Tribunal where the amount of such income does not exceed ₹ 50,000/-
- It is proposed to amend Section 194C(6) to provide non deduction of tax for payments to a contractor in the business of plying, hiring or leasing goods carriages, where such contractor **owns ten or less than ten goods** carriages at any time during the previous year and furnishes a declaration to that effect along with his Permanent Account Number, to the person paying or crediting such sum. **(With effect from 01-06-2015)**

- No tax at source to be deducted under section 194I where the rent is credited or paid to a business trust, being a real estate investment trust, in respect of any real estate asset, referred to in clause (23FCA) of section 10, owned directly by such business trust. **(With effect from 01-06-2015)**
- Section 194LBA is proposed to be amended to provide TDS on distribution of income by a business trust being a real estate investment trust, by way of renting or leasing or letting out any real estate asset owned directly by such business trust.
- New section 194LBB to provide for TDS @ 10% on payments to a unit holder in respect of units of Investment Fund under section 115UB
- Concessional rate of TDS @ 5% under section 194LD shall now be available on interest payable till 30-06-2017.
- Section 195 has been amended to provide furnishing of information in Form 15CA and 15CB for payments to a non-resident/foreign company irrespective to the fact that whether or not those payments were chargeable under Income tax Act. (with effect from 01-06-2015)
- Tax is proposed to be deducted @ 2% on any sum including bonus paid under life insurance policies which are not exempted under section 10(10D) of the Act. However, no deduction under this section shall be made if the aggregate sum paid in a financial year to an assessee is less than ₹ 100,000. **[with effect from 1-10-2014]**

17. **Clarity regarding source rule in respect of interest received by the non-resident in certain cases**

In the case of a non-resident, being a person engaged in the business of banking, the Permanent Establishment (PE) in India of such non-resident shall be obligated to deduct tax at source on any interest payable to either the head office or any other branch or PE, etc. of the non-resident outside India. Further, non-deduction would result in disallowance of interest claimed as expenditure by the PE and may also attract levy of interest and penalty in accordance with relevant provisions of the Act.

18. Reduction in rate of tax on Income by way of Royalty and Fees for Technical Services (FTS) in case of non-residents to 10% from 25%
19. It is proposed to amend the provisions of section 195 of the Act to provide that the person responsible for paying any sum, **whether chargeable to tax or not, to a non-resident individual or foreign company, shall be required to furnish the information of the prescribed sum in such form and manner as may be prescribed**

If a person failure to furnish information or furnishing inaccurate information under section 195, the assessing officer may direct that such person shall pay, by way of penalty, a sum of ₹ 100,000/- **[section 271-I] [with effect from 01-06-2015]**

20. **Measures to curb black money**

Section 269SS is proposed to be amended to provide that no person shall accept from any person, any loan or deposit or any sum of money exceeding Rs. 20,000/-, whether as advance or otherwise, **in relation to transfer of an immovable property** otherwise than by an account payee cheque or account payee bank draft or by electronic clearing system through a bank account.

Section 269T is also proposed to be amended to provide that no person shall repay any loan or deposit exceeding Rs. 20,000/- made with it or any specified advance received by it **in relation to transfer of an immovable property whether or not the transfer takes place**, otherwise than by an account payee cheque or account payee bank draft or by electronic clearing system through a bank account

It is further proposed to make consequential amendments in section 271D and section 271E to provide penalty for failure to comply with the amendment provisions of section 269SS and 269T respectively. **[with effect from 01.06.2015]**

21. **Direct Taxes Code (DTC)**

Since the jurisprudence under the Income-tax Act is well evolved and a large number of provisions of the proposed DTC have already been included in the Income-tax Act, 1961 and the remaining are proposed to be included through the Finance Bill, 2015, the Government has expressed its resolve of not going ahead with the DTC.

22. **General Anti Avoidance Rule (GAAR)**

The implementation of General Anti Avoidance Rule (GAAR) is proposed to be **deferred by two years** and would be applicable for the financial year 2017-18 (Assessment Year 2018-19) and subsequent years. Further, it is also proposed that the investments made up to 31.03.2017 shall not be subject to GAAR.

SERVICE TAX

ABETMENT IN SERVICE TAX

I. Change in Service Tax Rates effective from the date to be notified after passing of Finance Bill:

1. The service tax rate is being increased from 12% plus education cesses to 14%. The 'Education Cess' and 'Secondary and Higher Education Cess' shall be subsumed in the new service tax rate.
2. Central Government may impose a Swachh Bharat Cess on all or certain taxable services at a rate of 2% on the value of such taxable services. The proceeds from this Cess would be utilized for Swachh Bharat initiatives.

II. Review of the Negative List – effective from April 1, 2015

1. Access to amusement facility such as rides, bowling alleys, amusement arcades, water parks, theme parks, etc. is now taxable
2. Service tax to be levied on service by way of admission to entertainment event of concerts, non-recognized sporting events, pageants, music concerts and award functions, if the amount charged for admission is more than Rs. 500.
3. Services by way of carrying any process as job work for production or manufacture of alcoholic liquor for human consumption is now taxable
4. All services provided by Government or Local Authority to a business entity, unless specially exempt, is now taxable

III. Review of General Exemptions - effective from April 1, 2015

1. Exemption presently available on specified services of construction, repair of civil structures, etc. when provided to Government shall be restricted only to-
 - a) a historical monument, archaeological site
 - b) canal, dam or other irrigation work;
 - c) Pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.
2. Exemption to construction, erection, commissioning or installation of original works pertaining to an airport or port is being withdrawn.
3. Exemption to services provided by a performing artist in folk or classical art form of (i) music, or (ii) dance, or (iii) theatre, will be limited only to such cases where amount charged is up to Rs 1,00,000 per performance (except brand ambassador).
4. Exemption to transportation of 'food stuff' by rail, or vessels or road will be limited to transportation of food grains including rice and pulses, flours, milk and salt only. Transportation of agricultural produce is separately exempted.

5. Exemptions are being withdrawn on the following services:
 - (a) services provided by a mutual fund agent to a mutual fund or assets management company;
 - (b) Distributor to a mutual fund or AMC; and
 - (c) Selling or marketing agent of lottery ticket to a distributor of lottery.

6. Exemption is being withdrawn on the following services,-
 - (a) Departmentally run public telephone
 - (b) Guaranteed public telephone operating only local calls
 - (c) Service by way of making telephone calls from free telephone at airport and hospital where no bill is issued

7. Existing exemption notification for service provided by a commission agent located outside India to an exporter located in India is being rescinded, as this notification has become redundant in view of the amendments made in law in the previous budget, whereby services provided by such agents have been excluded from the tax net.

IV. Service Tax New Exemption - effective from April 1, 2015

- 1) Services of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables
- 2) Life insurance service provided by way of Varishtha Pension Bima Yojna
- 3) Service provided by way of exhibition of movie by the exhibitor/theatre owner to the distributor or association of persons consisting of exhibitor as one of its member
- 4) All ambulance services provided to patients
- 5) Service provided by way of admission to a museum, zoo, national park, wild life sanctuary and a tiger reserve
- 6) Transport of goods for export by road from the factory to a land customs station (LCS)

V. Rationalization of abatement

- 1) A uniform abatement is being prescribed for transport by rail, road and vessel to bring parity in these sectors. Service tax shall be payable on 30% of the value of such service subject to a uniform condition of non-availment of Cenvat Credit on inputs, capital goods and input services. Presently, tax is payable on 30% of the value in case of rail transport, 25% in case of road transport and 40% in case of transport by vessels.

- 2) The abatement for executive (business/first class) air travel, wherein the service element is being reduced from 60% to 40%.

- 3) Abatement is being withdrawn on chit fund service.

VI. Service Tax Rules

- 1) In respect of any service provided under aggregator model, the aggregator is being made liable to pay service tax if the service is provided using the brand name of aggregator in any manner.

- 2) Consequent to the upward revision in Service Tax rate, the composition rate on specified services, namely, life insurance service, services of air travel agent, money changing service provided by banks or authorized dealers, and service provided by lottery distributor and selling agent, is proposed to be revised proportionately.

VII. Reverse charge mechanism

- 1) Manpower supply and security services when provided by individual, HUF, partnership firm to a body corporate are being brought to full reverse charge as a simplification measure.
- 2) Services provided by mutual fund agents, mutual fund distributors and lottery agents are being brought to under reverse charge consequent to withdrawal of exemption on such services.

VIII. The Cenvat Credit Rules, 2004

- 1) Cenvat Credit Rules are being amended to allow credit of service tax paid under partial reverse charge by the service receiver without linking it to the payments of value of service to service provider as a trade facilitation measure. **[with effect from 01-04-2015]**
- 2) The period for taking cenvat credit is being extended from six months to **one year** from the date of invoice.

CENTRAL EXCISE

AMENDMENTS IN THE FIRST SCHEDULE TO THE CENTRAL EXCISE TARIFF ACT, 1985 (effective from March 1, 2015)

1. Education Cess and Secondary and Higher Education Cess leviable on excisable goods are being fully exempted. Simultaneously, the standard ad valorem rate of duty of excise (i.e. CENVAT) is being **increased from 12% to 12.5%**.
2. Duty of excise on “waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured” falling under Chapter sub-heading 2202 10 is being **increased from 12% to 18%**.
3. Duty of excise on cigarettes is being **increased by 25%** for cigarettes of length not exceeding 65 mm and **by 15%** for cigarettes of other lengths. Increase in duty rates is also proposed on cigars, cheroots and cigarillos.
4. Excise duty on cut tobacco is being **increased from Rs.60 per kg to Rs.70 per kg**.
5. Tariff rate of excise duty on goods falling under Chapter sub-heading 2523 29 is being increased from **Rs.900 per tonne to Rs.1000 per tonne**.
6. Tariff rate of excise duty on high speed diesel (HSD) falling under tariff item 2710 19 30 is being increased from **14% + Rs.5 per litre to 14% + Rs.15 per litre**. However, there is no change in the aggregate of various duties of excise on high speed diesel (HSD).

7. Tariff rate of excise duty on sacks and bags (including cones) of plastics falling under tariff items 3923 21 00, 3923 29 10 and 3923 29 90 is being **increased from 12% to 18%**.

The changes at point no. 1 to 7 will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

I. PETROLEUM

- The Schedule Rates of the Additional Duty of Excise (commonly known as Road Cess) levied on Petrol and High Speed Diesel Oil is being increased from `2 per litre to `8 per litre. The effective rates of the Additional Duty of Excise (commonly known as Road Cess) levied on Petrol and High Speed Diesel Oil is being increased from ₹ 2 per litre to ₹ 6 per litre only.
- Education Cess and Secondary and Higher Education Cess, presently applicable to petroleum products, including petrol and High Speed Diesel, are exempted.
- Rates of duty of excise (CENVAT) on Petrol and High Speed Diesel Oil (both branded and unbranded) have also been revised.
- Tables below summarizes the changes in various duties applicable to petrol and diesel:

Duty rates applicable prior to 28.02.2015					Duty rates applicable with effect from 01.03.2015				
CENVAT Rs/Ltr.	SAED Rs/Ltr.	AED Rs/Ltr.	EC	Total Rs/Ltr.	CENVAT	SAED	AED	EC	Total
Unbranded petrol									
8.95	6	2	3%	17.46	5.46	6	6	NIL	17.46
Branded petrol									
10.10	6	2	3%	18.64	6.64	6	6	NIL	18.64
Unbranded Diesel									
7.96	NIL	2	3%	10.26	4.26	NIL	6	NIL	10.26
Branded Diesel									
Lower of 14% +Rs. 5/litre or Rs. 10.25/litre,	NIL	2	3%	12.62	6.62	NIL	6	NIL	12.62

II. FOOD PROCESSING SECTOR:

- All goods falling under Chapter sub-heading 2101 20, including iced tea, are notified under section 4A of the Central Excise Act for the purpose of assessment of Central Excise duty with reference to the Retail Sale Price with an abatement of 30%.
- Goods, such as lemonade and other beverages, are notified under section 4A of the Central Excise Act for the purpose of assessment of Central Excise duty with reference to the Retail Sale Price with an abatement of 35%.

3. Excise duty of 2% without CENVAT credit or 6% with CENVAT credit is levied on condensed milk put up in unit containers. Condensed milk is also notified under section 4A of the Central Excise Act for the purpose of valuation with reference to the Retail Sale Price with an abatement of 30%.
4. Excise duty of 2% without CENVAT credit or 6% with CENVAT credit is levied on peanut butter.

III. AUTOMOBILES:

1. Excise duty on chassis for ambulances is reduced from 24% to 12.5% subject to actual user condition.
2. Concessional excise duty of 6% on specified goods for use in the manufacture of electrically operated vehicles and hybrid vehicles, presently available up to 31 .03.2015, is being extended upto 31 .03.2016.

IV. HEALTH:

1. Excise duty on cigarettes is being increased by 25% for cigarettes of length not exceeding 65 mm and by 15% for cigarettes of other lengths. Excise duty on cigars, cheroots and cigarillos and cigarettes and cigarillos of tobacco substitutes is also increased.
2. Maximum speed of packing machine for packing of notified goods of various retail sale prices is specified as a factor relevant to production for determining excise duty payable under the Compounded Levy Scheme presently applicable to pan masala, gutkha and chewing tobacco.
3. Accordingly, deemed production and duty payable per machine per month is notified with reference to the speed range in which the maximum speed of a packing machine falls.

V. ELECTRONICS/HARDWARE:

1. Excise duty on wafers for manufacture of integrated circuit (IC) modules for smart cards is reduced from 12% to 6% subject to actual user condition.
2. Excise duty on inputs for use in the manufacture of LED drivers and MCPCB for LED lights, fixtures and lamps, is reduced from 12% to 6% subject to actual user condition.
3. Excise duty structure for mobiles phones is changed from 1% without CENVAT credit or 6% with credit to 1% without credit or 12.5% with credit. NCCD of 1% on mobile phones remains unchanged.
4. Excise duty structure of 2% without CENVAT credit or 12.5% with credit is extended to tablet computers. Parts, components and accessories (falling under any Chapter) for use in manufacture of tablet computers and their sub-parts for use in manufacture of parts, components and accessories are fully exempted from excise duty, subject to actual user condition.
5. Excise duty on specified raw materials [battery, titanium, palladium wire, eutectic wire, silicone resins and rubbers, solder paste, reed switch, diodes, transistors, capacitors, controllers, coils (steel), tubing (silicone)] for use in manufacture of pacemakers is fully exempted, subject to actual user condition.

6. Suitable amendment is carried out to expressly provide that LED lights or fixtures including LED lamps are liable to assessment of excise duty with reference to retail sale price. Similar changes are made in the Third Schedule to the Central Excise Act, 1944.

VI. RENEWABLE ENERGY

1. Excise duty on pig iron SG grade and Ferro-silicon-magnesium for manufacture of Cast components of wind operated electricity generators is fully exempted, subject to certification by MNRE in this regard.
2. Excise duty structure of NIL without CENVAT credit or 12.5% with credit is prescribed for solar water heater and system.
3. Excise duty on round copper wire and tin alloys for manufacture of Solar PV ribbon for manufacture of solar PV cells is fully exempted subject to certification by Department of Electronics and Information Technology (Deity).

VII. CONSUMER GOODS

1. Excise duty on leather footwear (footwear with uppers made of leather of heading 4107 or 4112 to 4114), of Retail Sale Price of more than Rs. 1,000 per pair is reduced from 12% to 6%.
2. The entry “waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured” in the Seventh Schedule to the Finance Act, 2005 related to levy of additional duty of excise @ 5% is omitted. Till the enactment of the Finance Bill, 2015, the said additional duty of excise of 5% leviable on such goods is being exempted. Simultaneously, the Basic Excise Duty rate on these goods is being increased from 12% to 18%.

VIII. SWACHH BHARAT AND ENERGY SECTOR

1. The Schedule Rate of Clean Energy Cess, levied on coal, lignite and peat, is being increased from Rs. 100 per tonne to Rs. 300 per tonne. The effective rate of Clean Energy Cess is being increased from Rs. 100 per tonne to Rs. 200 per tonne. The increase in rate of Clean Energy Cess will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.
2. Excise duty on sacks and bags of polymers of ethylene, other than for industrial use, is being increased to 15%.

IX. EASE OF DOING BUSINESS AND MOVEMENT TOWARDS GST

1. Education Cess and Secondary and Higher Education Cess leviable on excisable goods are subsumed in Basic Excise duty. Consequently, Education Cess and Secondary and Higher Education Cess leviable on excisable goods are fully exempted.
2. The standard ad valorem rate of Basic Excise Duty is being increased from 12% to 12.5% and specific rates of Basic Excise Duty on petrol, diesel, cement, cigarettes & other tobacco products (other than biris) are suitably changed. However, the total incidence of various duties of excise on petrol and diesel remains unchanged.

3. Other Basic Excise Duty rates (ad valorem as well as specific) are not changed. Education Cess and Secondary and Higher Education Cess levied on imported goods as a duty of customs, however, will continue.
4. Full exemption from excise duty is extended to captive consumed intermediate compound coming into existence during the manufacture of Agarbattis. Agarbattis attract NIL excise duty.

CUSTOMS DUTY

Amendments carried out through the Finance Bill, 2015 come into effect on the date of its enactment unless otherwise specified.

AMENDMENT IN THE FIRST SCHEDULE TO THE CUSTOMS TARIFF ACT, 1975:

1. The tariff rate of basic customs duty on bituminous coal is being reduced from 55% to 10%.
2. The tariff rate of basic customs duty on goods falling under all the tariff items of Chapters 72 and 73 that is iron and steel and articles of iron or steel, is being increased from 10% to 15%. However, there is no change in the existing effective rates of basic customs duty on these goods.
3. The tariff rate of basic customs duty on goods falling under all the tariff items of heading 8702 that is motor vehicles for the transport of ten or more persons, including the driver and 8704 that is motor vehicles for the transport of goods is being increased from 10 to 40%. The effective Basic Customs duty on such Vehicles is being increased from 10% to 20%. However, customs duty on such vehicles in Completely Knocked Down (CKD) condition and electrically operated vehicles of heading 8702 including those in CKD condition will continue to be at 10%. (Clause 89)

The above changes will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

A. Proposals involving changes in rates of duty:

I. CHEMICALS AND PETROCHEMICALS

1. Basic Customs Duty on ulexite ore is being reduced from 2.5% to Nil.
2. Basic Customs duty on isoprene and liquefied butane is being reduced from 5% to 2.5%.
3. Basic Customs Duty on ethylene dichloride (EDC), vinyl chloride monomer (VCM) and styrene monomer (SM) is being reduced from 2.5% to 2%.
4. Basic Customs Duty on butyl acrylate is being reduced from 7.5% to 5%.
5. Basic Customs Duty on anthraquinone is being reduced from 7.5% to 2.5%.
6. Basic Customs Duty on antimony metal and antimony waste and scrap is being reduced from 5% to 2.5%.
7. SAD on naphtha, ethylene dichloride (EDC), vinyl chloride monomer (VCM) and styrene monomer (SM) for manufacture of excisable goods is being reduced from 4% to 2%.

II. FERTILISERS

Basic Customs Duty on sulphuric acid for the manufacture of fertilizers is being reduced from 7.5% to 5%.

III. INFRASTRUCTURE

The Scheduled rates of Additional Duty of Customs levied on imported Motor Spirit [Petrol] and High Speed Diesel Oil [commonly known as Road Cess] are being increased from ₹ 2 per litre to ₹ 8 per litre. The effective rates of Additional Duty of Customs levied on imported Motor Spirit [Petrol] and High Speed Diesel Oil [commonly known as Road Cess] are being increased from ₹ 2 per litre to ₹6 per litre only.

IV. ORES AND METALS:

1. Export duty on upgraded ilmenite is being reduced from 5% to 2.5%.
2. Basic Customs Duty on metallurgical coke is being increased from 2.5% to 5%.
3. SAD on melting scrap of iron & steel including stainless steel scrap for melting, copper scrap, brass scrap and aluminium scrap is being reduced from 4% to 2%.
4. The tariff rate of basic customs duty on goods falling under all the tariff items of Chapters 72 and 73 that is iron and steel and articles of iron or steel, is being increased from 10% to 15%. However, there is no change in the existing effective rates of basic customs duty on these goods.

V. ELECTRONICS/HARDWARE:

1. All goods except populated printed circuit boards, falling under any Chapter of Customs Tariff, for use in the manufacture of ITA Bound Items, are being fully exempted from SAD
2. Excise duty structure for mobile handsets including cellular phones is being changed from 1% without CENVAT credit or 6% with CENVAT credit to 1% without CENVAT credit or 12.5% with CENVAT credit. NCCD of 1% on mobile handsets including cellular phone, remains unchanged.
3. Excise duty structure of 2% without CENVAT credit or 12.5% with credit is being prescribed for tablet computers. Parts, components and accessories (falling under any Chapter) for use in the manufacture of tablet computers and their sub-parts for use in the manufacture of parts, components and accessories are being fully exempted from BCD, CVD and SAD, subject to actual user condition.
4. Basic Customs Duty on 'metal parts' for use in the manufacture of electrical insulators is being reduced from 10% to 7.5%, subject to actual user condition.
5. Basic Customs Duty on Ethylene-Propylene-non-conjugated-Diene Rubber (EPDM), Water blocking tape and Mica glass tape, for use in the manufacture of insulated wires and cables, is being reduced from 10% to 7.5%, subject to actual user condition.
6. Basic Customs Duty on magnetron of upto 1 KW for use in the manufacture of domestic microwave ovens is being reduced from 5% to Nil, subject to actual user condition.
7. Basic Customs Duty on zeolite, ceria zirconia compounds and cerium compounds for use in the manufacture of washcoats, which are used in manufacture of catalytic converters, is being reduced from 7.5% to 5%, subject to actual user condition.

8. Basic Customs Duty on specified components for use in the manufacture of specified CNC lathe machines and machining centres is being reduced from 7.5% to 2.5%, subject to actual user condition.
9. Basic Customs Duty on C- Block for Compressor, Over Load Protector (OLP) & Positive thermal coefficient and Crank Shaft for compressor for use in the manufacture of Refrigerator compressors is being reduced from 7.5% to 5%.
10. Basic Customs Duty on specified inputs for use in the manufacture of flexible medical video endoscope is being reduced from 5% to 2.5%.
11. Basic Customs Duty on HDPE for use in the manufacture of telecommunication grade optical fibre cables is being reduced from 7.5% to Nil, subject to actual user condition.
12. Basic Customs Duty on Black Light Unit Module for use in the manufacture of LCD/LED TV panels is being reduced from 10% to Nil, subject to actual user condition.
13. Basic Customs Duty on Organic LED (OLED) TV panels is being reduced from 10% to Nil.
14. CVD and SAD are being fully exempted on specified raw materials [battery, titanium, palladium wire, eutectic wire, silicone resins and rubbers, solder paste, reed switch, diodes, transistors, capacitors, controllers, coils (steel), tubing (silicone)] for use in the manufacture of pacemakers, subject to actual user condition.
15. SAD on inputs for use in the manufacture of LED drivers and MCPCB for LED lights, fixtures and lamps is being fully exempted, subject to actual user condition.
16. Basic Customs Duty on Digital Still Image Video Camera capable of recording video with minimum resolution of 800×600 pixels, at minimum 23 frames per second, for at least 30 minutes in a single sequence, using the maximum storage (including the expanded) capacity and parts and components for use in the manufacture of such cameras is being reduced to Nil.

VI. RENEWABLE ENERGY:

1. Basic Customs Duty is being fully exempted on Evacuated Tubes with three layers of solar selective coating for use in the manufacture of solar water heater and system, subject to actual user condition.
2. Basic Customs Duty on Active Energy Controller (AEC) for use in the manufacture of Renewable Power System (RPS) Inverters is being reduced to 5%, subject to certification by MNRE.

VII. AUTOMOBILES:

1. The tariff rate of Basic Customs Duty on Commercial Vehicles is being increased from 10% to 40%. The effective Basic customs duty on such Vehicles is being increased from 10% to 20%. However, customs duty on such vehicles in Completely Knocked Down (CKD) condition and electrically operated vehicles of heading 8702 including those in CKD condition will continue to be at 10%.
2. Concessional customs duties of Nil Basic Customs Duty, 6% excise/CVD and Nil SAD on specified goods for use in the manufacture of Electrically operated vehicles and Hybrid motor vehicles, presently available upto 31 .03.2015, are being extended upto 31 .03.2016.

VIII. HEALTH:

Basic Customs Duty and CVD is being fully exempted on artificial heart (left ventricular assist device).

IMPORTANT DATES

Event Date	Act	Applicable Form	Obligation
15/03/2015	Income Tax	Challan No.280	Payment of Advance Income Tax by ALL (100%)
31/03/2015		Challan No.280	Payment of balance Advance Income Tax by ALL. (for Section 234A and 234B)
07/03/2015		Form No.15G, 15H,27C	Submission of Forms received in February to Income Tax Commissioner
07/03/2015		Challan No. ITNS-281	Payment of TDS/TCS deducted/collected in February
31/03/2015		Form No. 26QAA	Returns by banks for interest up to ₹.10,000 for March quarter
31/03/2015		ITR- 1 to 7	Last date for filing of ITR for AY 2014-15 without penalty and AY 2013-14 with Penalty of ₹. 5,000.
31/03/2015	Wealth Tax	Form BB	Last date for filing WT Return for AY 2013-14.
31/03/2015	Service Tax	Challan No.GAR-7	E-Payment of Service Tax for the month/quarter ended March.
06/03/2015		Challan No.GAR-7	E-Payment of Service Tax for February by Cos
10/03/2015	Excise	ER-1	Return for Non SSI assesses for February
10/03/2015		ER-2	Return for EOUs for February
10/03/2015		ER-6	Return by units paying duty > 1 crore (CENVAT + PLA) for February
31/03/2015		Challan No. GAR-7	E-Payment of Excise duty for the month/quarter ending March
15/03/2015	D VAT	DVAT-20	Deposit of DVAT TDS for the month of February
21/03/2015		DVAT-20 and Central	E-Payment of DVAT and CST Tax for February
22/03/2015		DVAT – 43	Issue of DVAT certificate for deduction made in February
31/03/2015		CST Form 9	Reconciliation return of Statutory Forms for the year 2013-14
21/03/2015	M-VAT	MVAT Challan	Payment of MVAT and WCT TDS for February
21/03/2015		Form 231-235 and CST 1	MVAT return for February (10 days extra for e-returns)
31/03/2015	Maharashtra Profession Tax	MTR-6/Form IIIB	Payment and yearly Return of Maharashtra Professional Tax (Annual Liability less than ₹. 50,000)
31/03/2015		MTR-6/Form IIIB	Payment and Monthly Return of Maharashtra Professional Tax (Annual Liability 50,000 or more)
15/03/2015	Provident Fund	Electronic Challan cum Return (ECR)	E-Payment of PF for February (Cheque to be cleared by 20th)
21/03/2015	ESI	ESI Challan	Payment of ESI of February