



## **Budget Snapshot**

The Hon'ble Finance Minister Mr. Arun Jaitley presented the Finance Bill, 2015 on February 28, 2015 in the Parliament. We are enumerating below key changes under the specified indirect tax laws.

### **1. Changes coming into force w.e.f. March 1, 2015**

#### **1.1. Legislative changes**

##### **1.1.1. The Central Excise Act, 1944 and Rules thereof**

- The Central Government empowered to prescribe more than factor to charge Duty on the basis of capacity of production of notified goods.
- Graded penalty payable where Duty along with interest and penalty deposited within specified period in specific situations.
- Resident Firms eligible to seek Advance Ruling from the Authority for Advance Rulings.
- Extracts, essences and concentrates of Tea or Mate and Mineral Water; Aerated Waters, Soya Milk, Fruit Pulp or Fruit Juice based drinks containing added Sugar and LED Lights & Lamps notified for levy of Excise Duty with reference to MRP after allowing specified abatement.
- Registration to be granted within two days of filing online application.

##### **1.1.2. The Cenvat Credit Rules, 2004**

- Provision made for direct dispatch of inputs and capital goods to premises of job worker.
- Period for taking Cenvat credit extended from six months to one year from the date of issue of specified document.
- Period for receipt back of capital goods, on which Cenvat credit availed and sent to job worker, increased from six months to two years.
- Definition of 'Export Goods' provided to remove ambiguity.
- Exempted goods to include non-excisable goods.

##### **1.1.3. The Medicinal and Toilet Preparation (Excise Duties) Rules, 1956**

- Rate of Excise Duty increased from 12% to 12.5% ad valorem.

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#### 1.1.4. The Customs Act, 1962 and Rules thereof

- Resident Firms eligible to seek Advance Ruling from the Authority for Advance Rulings.

#### 1.1.5. Chapter V of the Finance Act, 1994 and Rules thereof

- Registration of single premises to be granted within two days of filing online application.
- Provision for issuing digitally signed invoices along with option of maintaining records in electronic form introduced.
- Resident Firms eligible to seek Advance Ruling from the Authority for Advance Rulings.

#### 1.2. Central Excise Duty

- Standard rate of Excise Duty increased to 12.5% ad valorem.
- EC and SHEC fully exempted.
- On Cigarettes Duty increased according to size thereof.
- Duty on Petrol rationalized without any net increase in rate.
- Exempted on parts, components and accessories of Tablet Computers. Further concessional rate of 2% ad valorem, without facility of Cenvat credit, prescribed for Tablet Computer.
- Reduced to 6% on Wafers used in manufacture of IC Modules of Smart Cards and all inputs used in manufacture of LED Drivers and LED Lamps, etc.
- Reduced to 12.5% on Chassis for Ambulances.
- Exempted on specified raw materials for use in manufacture of pacemakers.

#### 1.3. Customs duty

- Specified goods imported for setting up a Mega Power Projects exempted from BCD and CVD.
- SAD exempted on large number of articles for use in manufacture of ITA bound goods and LED Driver & LED Lamps, etc.
- CVD and SAD exempted on specified raw material and inputs for use in manufacture of Pacemakers.
- BCD on Metallurgical Coke increased to 5%.
- Specified Digital Video Still Image Camera, Organic LED TV Panels and Magnetron for use in domestic Microwave Oven exempted from BCD.

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- Lifesaving drugs imported by an individual for personal use exempted from BCD and CVD.

## 2. Changes coming into force w.e.f April 1, 2015

### 2.1. Chapter V of the Finance Act, 1994 and Rules thereof

- Goods Transport Agency service provided for transport of export goods by road from place of removal to Customs Station or Port or Airport exempted.
- Changes in rate of abatement and conditions thereof for specified services for determination of Service Tax payable.
- Amendment in reverse charge mechanism for specified services to expand scope thereof and ratio of tax payable by recipient of service and service provider.

## 3. Changes coming into force from enactment of the Finance Bill

### 3.1. Legislative changes

#### 3.1.1. The Central Excise Act, 1944 and Rules thereof

- 'Relevant date' prescribed for recovery of interest is required to be recovered.
- Where Duty liability admitted in periodic returns filed under self-assessment procedure but not paid or short paid, recovery of such Duty to be made by Revenue in prescribed manner.
- Past cases where no show cause notice issued till enactment of the Finance Bill also covered by amended provisions.

#### 3.1.2. The Customs Act, 1962 and Rules thereof

- Graded penalty payable where Duty along with interest and penalty deposited within specified period in specific situations.

#### 3.1.3. Chapter V of the Finance Act, 1994 and Rules thereof

- Any service, except specified services, provided by the Government or a local authority to a business entity liable to Service Tax.
- All reimbursement of expenses/ cost incurred by service provider included in value of taxable services and liable to Service Tax.

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- Discretion in the hands of Adjudicating Authority or Appellate Foras to not impose penalty in cases of bonafide default by a Tax payer taken away by omitting Section 80.
- Graded penalty payable where Service Tax along with interest and penalty deposited within specified period in specific situations.

#### 4. Changes coming into force from date to be notified

##### 4.1. Chapter V of the Finance Act, 1994 and Rules thereof

- Rate of service tax increased to 14% of gross consideration for service.
- EC and SHEC not leviable separately.
- Swatch Bharat Cess @ 2% of gross consideration imposed on taxable services.
- Service Tax levied on service of admission to entertainment events of concerts, pageants, musical performances, award functions and sporting events, except recognised sports events, where amount charged for admission is more than INR 500.
- Any process amounting to production or manufacture of alcoholic liquors for human consumption made liable to Service Tax.
- Service Tax levied on service of by way of access to amusement facility by taking it out from negative list of services.

#### 5. Goods and Service Tax

Proposed to be introduced w.e.f. April 1, 2016.

Glossary	
Abbreviation	Full name
The Finance Bill	The Finance Bill, 2015
MRP	Maximum Retail Price
EC	Education Cess
SHEC	Secondary and Higher Education Cess
BCD	Basic Customs Duty
CVD	Additional Customs Duty
SAD	Special Additional Customs Duty

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