

UNION BUDGET 2017



DIRECT TAXATION



S.P.NAGRATH & Co.LLP
CHARTERED ACCOUNTANTS

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Rates of Income Tax

Rates on Individuals, HUF, AOPs, BOIs and Artificial Juridical Persons

Senior Citizen	Very Senior Citizen	Rates
Up to INR 0.3 million	Up to INR 0.5 million	Nil
More than INR 0.3 million to INR 0.5 million	-	5 per cent
More than INR 0.5 million to INR 1 million	More than INR 0.5 million to INR 1 million	20 per cent
Above INR 1 million	Above INR 1 million	30 per cent

Others	Rates
Up to INR 0.25 million	Nil
More than INR 0.25 million to INR 0.5 million	5 per cent
More than INR 0.5 million to INR 1 million	20 per cent
Above INR 1 million	30 per cent

Income	Surcharge Rates
Up to INR 5 million	Nil
More than INR 5 million to INR 10 million	10 per cent
Above INR 10 million	15 per cent

Education Cess and Secondary & Higher Education Cess shall be continued to **be same as 2% and 1%** respectively.

Rates of Income Tax

Rates on Firms, Cooperative Societies, Local Authorities and Companies

A. Firms, Cooperative Societies and Local Authorities

- No change in the rate of Income Tax in respect of Income earned in FY 2017-18, assessable in the AY 2018-19.
- Rate of Surcharge shall be 12%, in case Total Income exceeds INR 10 million.

B. Companies

- In case of a domestic company, the rate of income tax shall be **25%**, if the total turnover or gross receipts of the company in previous year 2015-16 **does not exceed INR 500 million.**
- In all other cases, the rate of income taxes shall be 30% of the Total Income.

B. Companies (Contd.)

Surcharge in the case of domestic companies

- having income exceeding INR 10 million and up to INR 100 million @ 7%.
- having income exceeding INR 100 million @ 12%.

Surcharge in the case of foreign companies

- having income exceeding INR 10 million and up to INR 100 million @ 2%
- having income exceeding INR 100 million @ 5%

In other cases (Including sections 115-O, 115-QA, 115R, 115TA or 115TD), the surcharge shall be levied at the rate of 12 per cent.

Additional Resource Mobilization

Rationalization of taxation of income by way of dividend

The scope of Section 115BBDA, tax on income by way of dividend in excess of INR 1 million at the rate of 10% has been extended to all resident assesseees, except domestic companies and specified funds, trusts, institutions. (applicable from AY 18-19)

Deduction of tax at source in the case of certain individuals & HUF [Section 194IB]

It is proposed to introduce tax withholding at 5% by individuals / HUF (other than those liable for tax audit) on rent payable to a resident for an amount exceeding INR 50,000 per month or part of a month. The proposed tax deduction shall be carried out when the tenant pays the rent for the last month of the previous year or the last month of tenancy. Thus, tax shall be deducted only once in the year. There is no requirement to obtain a TAN for this purpose. (Applicable from 1st June 2017)

Holding period in case of immovable property [Section 2(42A)]

It is proposed that in order to qualify as a long term capital asset, an immovable property being land or building or both is required to be held for a period of more than twenty four months. (applicable from AY 18-19)

Rationalization of provisions to promote affordable housing [Section 80-IBA]

To promote the development of affordable housing, it is proposed to relax certain specified conditions. (applicable from AY 18-19)

Measures For Promoting Affordable Housing and Real Estate Sector

Tax incentive for the development of Amaravati, Andhra Pradesh [Section 10(37A)]

It is also proposed to make amendment, so as to provide that where reconstituted plot or land, received under land pooling scheme is transferred after the expiry of two years from the end of the financial year in which the possession of such plot or land was handed over to the said assessee, the cost of acquisition of such plot or land shall be deemed to be its stamp duty value on the last day of the second financial year after the end of financial year in which the possession of such asset was handed over to the assessee. **(Applicable from AY 2018-19 onwards)**

Shifting of base year for the purpose of computing capital gains [Section 55 and Section 48]

It is proposed to shift the base year from 01 April 1981 to 01 April 2001 thereby ,allowing the assessee to substitute fair market value of the capital asset as on 01 April 2001 as the cost of acquisition. Consequentially, the provisions governing the cost of acquisition and cost of improvement are also proposed to be amended. **(Applicable from AY 2018-19 onwards)**

Investment in long term bonds for long term capital gains [Section 54EC]

It is now proposed to provide that investment in any bond, redeemable after three years which has been notified by the Central Government in this behalf, shall also be eligible for exemption. **(Applicable from AY 2018-19 onwards)**

Measures For Promoting Affordable Housing and Real Estate Sector

Computation of capital gains in case of joint development agreements and withholding tax obligation

[Section 45(5A) and section 194-IC]

It is proposed that the income from the said transaction will arise in the hands of the owner of immovable property (being an individual or Hindu undivided family) in the previous year in which certificate of completion is issued for whole or part of the project by the competent authority. **(Applicable from AY 2018-19, onward)**

It is also proposed that any person making payment of cash consideration referred above will be liable to withhold tax @ 10% at the time of crediting the amount to the account or making payment to the payee, whichever is earlier. **(Applicable from 1st April 2017)**

No notional income for house property held as stock-in-trade [Section 23]

In case of real estate developers, it is proposed that annual value of the house property (being building or land appurtenant thereto) or part of such property, held as stock-in-trade, shall be taken to be nil in case such property or part thereof is not let during the whole or any part of the previous year. This benefit is proposed to be available for a period up to one year from the end of the financial year in which the construction completion certificate for such property is obtained from the competent authority. **(Applicable from AY 2018-19, onward)**

Measures for Stimulating Growth

Concessional tax rate on interest in certain cases [Section 194LC and Section 194LD]

It is proposed to amend section 194LC to provide that the concessional rate of five per cent. TDS on interest payment under this section will now be available in respect of borrowings made before the 1st July, 2020. **(Applicable from AY 2018-19)** It is further proposed to extend the benefit of section 194LC to rupee denominated bond issued outside India before the 1st July, 2020. **(Applicable from AY 2016-17 onwards.)**

It is proposed to amend section 194LD to provide that the concessional rate of five per cent. TDS on interest will now be available on interest payable before the 1st July, 2020. **(Applicable from AY 2018-19 onwards.)**

Beneficial presumptive income in case of digital receipts [Section 44AD]

In order to promote digital transactions, it is proposed to reduce the presumptive rate of deemed total income of 8% to 6% of total turnover or gross receipts, in case the amount is received by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account before the due date for filing return of income for the year. **(Applicable from AY 2017-18, onward)**

Extension of claim period for start-ups [Section 80IAC]

It is proposed to provide that deduction can be claimed by an eligible start-up for any three consecutive assessment years out of seven years beginning from the year in which such eligible start-up is incorporated. **(Applicable from AY 2018-19 onwards.)**

Measures for Stimulating Growth

Carry forward and set off of losses in case of eligible start-up [Section 79]

It is proposed to exclude a company which is an eligible start-up carrying on eligible business and which is not a company in which the public are substantially interested from section 79, if all the shareholders of such company which held shares carrying voting power on the last day of the year or years in which the loss was incurred:

- continue to hold those share on the last day of such previous year; and
- such loss has been incurred during the period of seven years beginning for the year in which such company is incorporated.

(Applicable from AY 2018-19, onward)

Carry forward of MAT credit and AMT credit [Section 115JAA and section 115JD]

It is proposed that the tax credit for MAT and AMT can be carried forward for a period of fifteen assessment years.

It is further proposed to amend sections 115JAA and 115JD so as to provide that the amount of tax credit in respect of MAT/ AMT shall not be allowed to be carried forward to subsequent year to the extent such credit relates to the difference between the amount of foreign tax credit allowed against MAT/ AMT and foreign tax credit allowable against the tax computed under regular provisions of Act.

(Applicable from AY 2018-19, onward)

Promoting Digital Economy

Disallowance in relation to revenue expenditure [Section 40A(3)]

It is proposed to reduce the threshold of payment, made otherwise than by an account payee cheque drawn on a bank or account payee bank draft, to a person in a day to INR 10,000 for the purpose of disallowance of expenditure.

It is further proposed to include use of electronic clearing system through a bank account as a permitted mode of payment. Similarly, the threshold in section 40A(3A) is also reduced from INR 20,000 to INR 10,000. **(Applicable from AY 2018-19, onward)**

Restricting cash donations [Section 80G]

It is proposed to reduce the limit of cash donations from INR 10,000 to INR 2,000 **(Applicable from AY 2018-19 onwards.)**

Disallowance in relation to capital expenditure incurred in cash [section 43(1) and section 35AD]

In order to discourage cash transactions for capital expenditure, it is proposed that any payment for acquisition of an asset, otherwise than by an account payee cheque drawn on a bank or account payee bank draft or use of electronic clearing system through a bank account, exceeding INR 10,000 to a person in a day, shall not be considered as part of the actual cost of the asset and consequently no depreciation will be available in relation to such asset.

Moreover, such capital expenditure will also not be considered for any investment linked deduction, available for specified businesses, under section 35AD.

Promoting Digital Economy

Restriction on cash transactions [Sections 206C, Section 269ST and Section 271DA]

- Receipt of an amount in excess of INR 0.3 million otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account is not permitted in the following cases:
 - received from one person in a single day;
 - received in respect of a single transaction; or
 - received in respect of transactions relating to one event or occasion from a person
- The above restriction will not apply to the amount received from Government or any banking company, post office savings bank or a co-operative bank, transactions referred to in section 269SS or transactions as may be notified.
- If the person receives any sum in contravention of the above provision, then penalty of 100% of the amount received will be levied. Penalty will not be imposed if there were good and sufficient reasons for contravention.
- Consequent to the aforesaid provision, TCS @ 1% of sale consideration on cash sale of jewellery exceeding INR 0.5 million is proposed to be omitted.
(Applicable from 1st April 2017)

Ease of doing business

Capital gains tax exemption on transfer of rupee denominated bonds:

Transfer of rupee denominated bonds issued outside India from a non-resident to another non-resident outside India will be exempt from capital gains tax **(Applicable from AY 18-19)**

Clarity with respect to indirect transfers:

Non-residents will not be subject to capital gains tax on the transfer (whether by way of sale or redemption) of investment, held directly or indirectly, in SEBI registered Category-I and Category-II FPIs **(apply retrospectively in relation to assessment year 2012-13 onwards)**.

Cost of acquisition of Indian shares acquired in an offshore demerger:

It is proposed that the cost of acquisition and period of holding of the shares of the Indian company in the hands of the resulting foreign company will be the same as the demerged foreign company **(applicable from AY 18-19)**

Enabling foreign tax credit in case of dispute:

An enabling provision has been introduced for rectification of assessment orders to allow for foreign tax credit, which was disallowed previously since the payment of foreign taxes was under dispute in the foreign country, subject to the conditions. **(applicable from AY 18-19)**

Taxation of offshore funds:

Income tax law contains a special regime for offshore funds. One such condition provides that the monthly average of the corpus of the fund shall not be less than INR 1 billion. It is proposed to relax this condition for the year in which the fund is wound up since it is not practically feasible for a fund to meet this requirement at the stage of winding up **(apply to the assessment year 2016-17 onwards)**

Ease of doing business

Increasing the threshold limit for maintenance of Book of Account:

In order to reduce the compliance burden, it is proposed to increase monetary limits for maintenance of books of accounts from **0.12 million INR to 0.25 million INR** and from **1 million INR to 2.5 million INR**, respectively in the case of Individuals and Hindu undivided family carrying on business or profession. (applicable from AY 18-19)

Tax neutral conversion of preference shares to equity shares:

In order to provide tax neutrality to the conversion of preference share of a company into equity share of that company, it is proposed to provide that the conversion of preference share of a company into its equity share shall not be regarded as transfer. (applicable from AY 18-19 onwards)

Tax deduction at source in case fees for professional

In order to promote ease of doing business, it is proposed to reduce the rate of deduction of tax at source to two per cent from ten per cent. In case of payments received or credited to a payee, being a person *engaged only in the business of operation of call center*. (Applicable from the 1st June, 2017)

Enabling of Filing of Form 15G/15H for commission payments specified under section 194D

In order to reduce compliance burden in the case of Individuals and HUFs, it is proposed to make them eligible for filing self-declaration in Form.No.15G/15H for non-deduction of tax at source in respect insurance commission. (Applicable from 1st June, 2017)

Ease of doing business

Exclusion of certain specified person from requirement of audit of accounts under section 44AB

To reduce the compliance burden, it is proposed to exclude the eligible person, who declares profits for the previous year in accordance with the provision of section 44AD(1) and his total sales, total turnover or gross receipt, as the case may be, in business does not exceed INR twenty million, from requirement of audit of books of account under section 44AB. **(applicable from AY 18-19 onwards)**

Rationalization of section 211 and section 234C relating to advance tax

It is proposed to provide that if the shortfall in payment of advance tax is on account of under-estimation or failure in estimation of income, the interest under section 234C shall not be levied subject to fulfilment of conditions specified therein. **(Applicable from AY 17-18 onward)**

Interest on refund due to deductor

It is proposed, that where refund becomes due to the deductor, such person shall be entitled to receive, in addition to the refund, simple interest on such refund, calculated at the rate of one-half per cent. for every month or part of a month comprised in the period, from the date on which claim for refund is made or in case of an order passed in appeal, from the date on which the tax is paid, to the date on which refund is granted. **(Applicable from 1st April, 2017)**

Anti-abuse Measure

Exemption of long term capital gains tax u/s 10(38)

In order to prevent abuse of the existing provisions of section 10(38) by certain persons for declaring their unaccounted income as exempt long term capital gains by entering into sham transactions, it is proposed to amend the said section as under:

The benefit of exemption on transfer of equity shares acquired on or after 1st day of October, 2004 shall be available ***only if the transaction of acquisition of shares was chargeable to STT.***

As regards, certain ***genuine cases*** wherein the share acquisition transaction could not have been subjected to STT such as acquisition of shares in IPO, FPO, Bonus issue etc., the ***government reserves the right to notify the list of any such transfers, as an exception to the proposed amendment.*** (Applicable from AY 2018-19).

Fair Market Value ('FMV') to be Fair Value of Consideration ('FVC') in certain cases

In order to rationalize the provisions relating to deeming of FVC for computation of income under the head 'Capital Gains', it is proposed to insert a ***new section 50CA*** to provide as under:

Where consideration for ***transfer of share of a company (other than quoted share)*** is ***less than FMV*** of such share (to be determined in accordance with such manner as may be prescribed), the ***FMV shall be deemed to be the FVC*** for the purpose of computing income under the head 'Capital Gains'.

The above amendment shall become effective from AY 2018-19.

Anti-abuse Measure

Penalty on professionals for furnishing incorrect information in statutory report or certificate

In order to ensure that the person furnishing report or certificate undertakes due diligence before making such certification, it is proposed to insert a new section 271J so as to provide that if an ***accountant or a merchant banker or a registered valuer***, furnishes incorrect information in a report or certificate under any provisions of the Act or the rules made thereunder, the ***AO or Commissioner (Appeals) may direct him to pay a sum of INR 10,000 for each such report or certificate by way of penalty.***

The plea of reasonable cause shall be available as per the provisions of section 273B of the Act. The above amendment shall become effective from AY 2017-18.

Widening scope of Income from other sources

It is proposed to insert a new clause (x) in sub-section (2) of section 56 so as to provide that receipt of the sum of money or the property ***by any person*** without consideration or for inadequate consideration in excess of INR 50,000 shall be chargeable to tax in the hands of the recipient under the head 'Income from other Sources'.

It is further proposed to ***widen the scope of existing provisions by including the receipt by certain trusts or institutions and receipt by way of certain transfers not regarded as transfer under section 47.***

The above amendment shall become effective from 1st April, 2017.

Anti-abuse Measure

Fee for delayed filing of return

In order to ensure that return is filed within due date, it is proposed to insert a new section 234F to provide that a fee for delay in furnishing of return shall be levied for AY 2018-19 and onwards in a case where the return is not filed within the due dates specified under section 139(1) as under:

Period of filing Return of Income	Fee leviable (In INR)
After due date but on or before the 31 st day of December of the assessment year	5,000
Any other case	10,000

In case where the total income does not exceed INR 0.5 million, the fee leviable shall not exceed INR 1,000. Consequential amendments to section 140A, 143(1) shall accordingly take place. The above amendment shall become effective from AY 2018-19. Consequently, the provisions of the existing section 271F shall stand repealed from that date.

Disallowance for non-deduction of tax from payment to resident

With a view to improve compliance of provisions relating to TDS, it is proposed to amend the *existing section 58* so as to provide that *provisions of section 40(a)(ia) shall, so far as they may be, apply in computing income chargeable under the head 'Other Sources'* as they apply in computing income chargeable under the head 'Profit and Gains of business or profession'.

The above amendment shall become effective from AY 2018-19

Rationalisation Measures

Rationalization of rebate allowable under 87A

Currently, under section 87A rebate (deduction from income tax) of up to INR 5,000 is available to resident individuals whose total income does not exceed INR 0.5 million. It is proposed to reduce the rebate to INR 2,500 and the threshold limit to INR 0.35 million.

Proposed amendment in relation to rationalization with Indian Accounting Standards (“Ind AS”)

The Finance Bill, 2017 has proposed introduction of certain provisions for computing book profit in case the financial statements of a company are prepared as per Ind AS. (applicable from AY 2017-18 onwards)

Computation of tax deduction for SEZ units [Section 10AA]

It is proposed that, the amount of deduction under section 10AA be allowed from the total income of the assessee computed in accordance with the provisions of the Act before giving effect to the provisions of section 10AA, and the deduction under section 10AA shall not exceed the said total income.

Clarification regarding the applicability of section 112

It is clarified that the share of company in which public are not substantially interested sold by non-resident shall also be chargeable to tax at the rate of ten per cent for long term capital gain. Earlier, there was an uncertainty as to whether the provision of section 112(1)(c)(iii) is applicable to the transfer of share of a private company.

Rationalisation Measures

Consolidation of plans within a mutual fund scheme

It is now proposed that the cost of acquisition and period of holding of the units in the consolidating plan of mutual fund scheme shall be considered while determining the cost of units and period of holding of the units in the consolidated plan of mutual fund scheme. **(applicable from AY 2018-19 onwards.)**

Person responsible for paying” clarified in case of section 195(6)

The proposed amendment clarifies that the “person responsible for paying” for the purpose of furnishing information as above shall be the payer himself, or, if the payer is a company, the company itself including the principal officer thereof. **(applicable from AY 2017-18 onwards)**

Fresh registration to be obtained in case of modifications of the objects of the trust

It is proposed that in case a charitable trust or institution, which has been granted registration under section 12A/ 12AA, adopts or undertakes modifications of its objects that do not conform to the conditions of registration, it would be required to obtain fresh registration under such section within a prescribed timeline. **(applicable from AY 2018-19 onwards)**

Requirement of filing the return of income by the trust within the prescribed timeline to claim exemption

It is proposed to insert an additional condition that a charitable trust or institution would be required to file its Return of Income within the time prescribed under the Act in order to claim exemption under section 11 of the Act. **(applicable from AY 2018-19 onwards.)**

Rationalisation Measures

Strengthening of PAN quoting mechanism in the TCS regime

It is proposed that any person paying any sum or amount, on which tax is collectable at source under Chapter XVII BB shall furnish his permanent account number to the person responsible for collecting such tax, failing which tax shall be collected at the twice the rate mentioned in the relevant section under Chapter XVII BB or at the rate of five per cent, whichever is higher.

A non-resident not having a permanent establishment in India is exempted from this requirement. Certain other conditions covering certain scenarios have also been provided in this proposed section.

Applicable w.e.f. 1 April, 2017 onwards.

Discontinuance of deduction u/s 80CCG

Deduction under section 80CCG is no longer available to new retail investors from AY 2018-19 onwards.

New retail investors who had claimed deduction for AY 2017-18 or prior years will continue to be entitled to deduction until AY 2019-20 if otherwise eligible.

Reason to believe to conduct a search, etc. not to be disclosed

In search and seizure, reason to believe or reason to suspect shall not be disclosed to any person or any authority or the Appellate Tribunal. The amendment to take effect retrospectively from the enactment of respective provision.

Rationalisation Measures

Power of provisional attachment and to make reference to Valuation Officer to authorised officer

In search and seizure, the authorised officer may provisionally attach any property for six months after recording reasons and taking prior approval and may make reference to valuation officer to estimate the FMV of property and submit report within 60 days.

Loss under income from house property

Loss from house property up to INR 0.2 million will be set-off against the income under other heads in the same financial year. Loss above INR 0.2 million is eligible to be carried forward for a period of eight years and can be set-off against income from house property only.

Extension of the power to survey

It is proposed to widen the scope of the section 133A by amending sub-section (1) to include any place, at which an activity for charitable purpose is carried on. This amendment will take effect from 1st April, 2017.

Rationalisation of provisions of IDS and Consequential changes to section 153A & 153C

To remove genuine hardship, undisclosed income or asset not disclosed in the IDS would not be treated as income of the year of issue of notice by tax authorities but in cases of search where tangible evidence is found then notice can be issued beyond six years upto ten years for assessment if:

- The AO has any evidence that income, represented in the form of an asset, which has escaped assessment exceeds or likely to exceed INR 5 million; and
- Such income has escaped assessment

Rationalisation Measures

Tax exemption to partial withdrawal from NPS [Section 10(12A)]

It is now proposed to exempt partial withdrawal from NPS, not exceeding 25% of the contribution made by an employee in accordance with the terms and conditions prescribed under the Pension Fund Regulatory and Development Authority Act, 2013

Increase in the rate of deduction for contributions by self-employed individuals to NPS [Section 80CCD]

It is now proposed to enhance the deduction for self-employed individuals to 20% of the gross total income. However, this comes within the overall cap for deduction that remains at INR 0.15 million.

Assessment Proceedings

Reason to Believe to conduct a search - not to be disclosed

- Section 132(1) and 132(1A) provides that an authority, has 'reason to believe' or 'reason to suspect', may authorize an authority specified therein to carry out search & seizure.
- Section 132A(1) provides that the specified income-tax authority based on 'reason to believe' can authorize other income-tax authority
- Explanation to sub section (1) and to subsection (1A) of section 132 and to sub section (1) of section 132A is inserted to declare that 'reason to believe' or 'reason to suspect', as the case may be, shall not be disclosed to any person or authority or the Appellate Tribunal and this amendment will take effect retrospectively from the date of enactment of the said provisions.

Extension of power to survey

Section 133A empower income - tax authority to enter any place, at which a business or profession is carried on, or at which any books of accounts or other documents or any part of cash or stock or other valuable article or thing relating to the business or profession are kept, for the purposes of conducting a survey.

In the Explanation, after the words "business or profession" wherever they occur, the words "or activity for charitable purpose" shall be inserted. **(Applicable from 1st April, 2017)**

Assessment Proceedings

Rationalization of the provisions in respect of power to call for information Section 133 of the Act:

First proviso - empower certain income tax authorities to call for information for the purpose of any inquiry or proceeding under the Act. (Amendment - Power in respect of inquiry or proceeding may also be exercised by the Joint Director, the Deputy Director and the Assistant Director)

Second proviso - provides that the power in respect of an inquiry, in a case where no proceeding is pending, shall not be exercised by any income tax authority below the rank of the Principal Director or Director or the Principal Commissioner or Commissioner without the prior approval of such authorities. (Amendment - that the Joint Director, the Deputy Director or the Assistant Director may exercise the powers in respect of such inquiry, without seeking the prior approval of higher authorities) This amendment will be effective from 1st April, 2017.

Power of provisional attachment and to make reference to Valuation Officer to authorized officer

Section 132 of the Act provides the power of search and seizure subject to fulfilment of some conditions:

Insertion of sub section (9B) and (9C) - The authorized officer may attach any property belonging to the assessee for protecting the interest of revenue, during the course of a search or seizure or within a period of sixty days from the date on which the last of the authorizations for search was executed, with prior approval.

Insertion of sub section (9D) - The authorized officer may make a reference to a Valuation Officer referred to in section 142A for the purpose of estimation of fair market value of a property

Amendment in Explanation 1 - For the purpose of sub section 9A, 9B and 9D, with respect to “execution of an authorization for search” under the provisions of sub-section (2) of section 153B shall apply. Amendment shall be effective from 1st April, 2017

Assessment Proceedings

Amendments to the Structure of Authority for Advance Rulings

In order to promote ease of business, the Government decided to merge the AAR for Income Tax, Central Excise, Customs Duty and Service Tax and therefore, following amendment has been made:-

Definition of applicant in Section 245N has been amended to provide reference of applications for Advance Ruling made under the Customs Act,1962, Central Excise Act,1944 and Finance Act,1944(Service Tax matters). Similarly, necessary amendments has been made in Section 245Q relating to the form of application for advance ruling. **(Applicable from 1st April, 2017)**

Amendment of Section 253

The order passed by the prescribed authority under sub clauses (iv) and (v) of sub section (23C) of Section 10 shall also be appealable before the Appellate Tribunal. **(Applicable from 1st April, 2017)**

Empowering Board to issue directions in respect of penalty for failure to deduct or collect tax at source

Section 119(2)(a) of the Act empowers the Board to issue orders setting forth directions or instructions to be followed by subordinate authorities in the work relating to assessment or collection of revenue or initiation of proceedings for imposition of penalties. Thus, now penalty proceedings initiated under Section 271C and 271CA has also been inserted i.e. the Board has been empowered to issue said orders for the same. **(Applicable from 1st April, 2017)**

*“271C- Penalty for failure to deduct tax at source
271CA- Penalty for failure to collect tax at source”*

Assessment Proceedings

Rationalization of time limits for completion of assessment, reassessment and re-computation

Section 153 specifies the time limit for completion of assessment, reassessment and recomputation of cases mentioned therein

Section No.	Time Limit for completion of Assessment/ making an order under respective Sections
153(1) (applicable w.e.f. 1 st April, 2017)	For Assessment Year 2018-19 Assessment order under Section 143(3) (Scrutiny Assessment) or 144 (Best Judgement Assessment)- reduced from existing 21 months to 18 months from the end of the assessment year in which the income was first assessable For Assessment Year 2019-20 and onwards- Time period reduced to 12months for order to be passed u/s 143(3) and 144
153(2) (applicable w.e.f. 1 st April, 2017)	Notice served under Section 148 on or after the 1 st day of April, 2019 Assessment order u/s 147 to be passed within 12 months from the end of the financial year in which notice under Section 148 is served
153(3) (applicable w.e.f. 1 st April, 2017)	Orders received in Financial Year 2019-20 and onwards under Section 254 (Appellate Tribunal Order) or Section 263(Revision of orders prejudicial to revenue) or Section 264(Revision of other orders) Order of fresh assessment shall be 12 months from the end of the financial year in which order under Section 254 is received or order under Section 263 or 264 is passed by the authority referred therein.

Assessment Proceedings

Rationalization of time limits for completion of assessment, reassessment and re-computation and reducing the time for filing revised return.

Section 153 specifies the time limit for completion of assessment, reassessment and recomputation of cases mentioned therein

Section No.	Time Limit for completion of Assessemnt/ making an order under respective Sections
153(5)	Order under Section 250 or 254 or 260 or 262 or 263 or 264 requires verification of any issue by way of submission of any document time limit relating to fresh assessment provided in Section 153(3) shall apply to the order giving effect to such order.
153(9) (applicable retrospectively w.e.f 1 st June, 2016)	Notice under Section 142(1) or 143(2) or 148 of the Act issued prior to 1st day of June 2016 and assessment or reassessment has not been completed. In accordance with the provisions of Section 153 as it stood immediately before its substitution by the Finance Act, 2016.
139(5) (applicable w.e.f 1 st April, 2018)	ITR can be revised upto the end of relevant assessment year or before the completion of assessment, whichever is earlier.

Assessment Proceedings

Rationalization of the provisions in respect of time limits for completion of search assessment

Section No.	Time Limit for completion of Assesment/ making an order under respective Sections
Assessment Order u/s 153A	<p>Search & Seizure cases conducted in FY 2018-19 Reduced from existing 21 months to 18 months from the end of the assessment year in which the last of the authorizations for search under section 132 or for requisition under section 132A was executed\</p> <p>Search & Seizure cases conducted in FY 2019-20 Upto 12 months from the end of the assessment year in which the last of the authorizations for search under section 132 or for requisition under section 132A was executed</p>
Section 153C (Assessment of Income of any other person)	<p>Time period available to make assessment or reassessment in case of person on whom search is conducted</p> <p>Or</p> <p>12 months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over under Section 153C to the Assessing Officer having jurisdiction over such other person, whichever is later (applicable w.e.f 1st April, 2017)</p>

Assessment Proceedings

Rationalization of the provisions in respect of time limits for completion of search assessment

Section No.	Time Limit for completion of Assessment/ making an order under respective Sections
Proviso to Explanation Section 153B inserted	Where a proceeding before the Settlement Commission abates under section 245HA, the period of limitation available under this section to the Assessing Officer for making an order of assessment or reassessment, as the case may be, shall, after the exclusion of the period under sub-section (4) of section 245HA (Abatement of proceeding before Settlement Commission), be not less than one year; and where such period of limitation is less than one year, it shall be deemed to have been extended to one year (applicable w.e.f 1st April, 2017)
Notice under Section 153A or 153C of the Act has been issued prior to 1 st day of June 2016	Notice issued however assessment has not been completed by such due date Time limit for completion of such assessment shall be in accordance with the provisions of this Section as it stood immediately before its substitution by the Finance Act, 2016. (applicable retrospectively from 1st June, 2016)

Transfer Pricing

Specified Domestic transaction

With the objective to reduce compliance burden on assessee, It is proposed to exclude person referred u/s 40A(2)(b) of the Act from the ambit Specified Domestic transaction compliance. As a result only those transactions with entities/units which are availing profit linked deduction will fall under purview of Domestic transfer pricing. (applicable for AY 17-18 and onwards).

Limiting interest deduction

Based on recommendation under BEPS plan of the OECD, interest exceeding INR 10 million in respect of borrowing from Associated Enterprise , are restricted to 30 percent of its earning before interest, tax, depreciation and amortization. Excess interest eligible for carry forward upto eight subsequent year.

Secondary adjustments in certain cases.

It is proposed to provide that where as a result of primary adjustment to the transfer pricing (from AY 16-17), there is an increase in the total income or reduction in the loss (exceeding INR 10 million), the excess money which is available with its associated enterprise, if not repatriated to India within the time as may be prescribed, shall be deemed to be an advance made by the assessee to such associated enterprise and the interest on such advance, shall be computed as the income of the assessee , in the manner as may be prescribed. **(applicable from AY 18-19)**

INDIRECT TAXATION



S.P.NAGRATH & Co.LLP
CHARTERED ACCOUNTANTS

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Indirect Tax Highlights - Service Tax

A) Changes in Negative List

S No	Particulars	Existing	Proposed
1	<p>The Negative List entry in respect of “services by way of carrying out any process amounting to manufacture or production of goods excluding alcoholic liquor for human consumption”, is proposed to be omitted.</p> <p>However, the same entry is being placed in exemption notification No. 25/2012-Service Tax dated 20th June, 2012.</p> <p>Thus the above service has been shifted from not-taxable to taxable but exempted. Consequently, the definition of ‘process amounting to manufacture’ [clause (40) section 65B] is also proposed to be omitted from the Finance Act, 1994 and is being incorporated in the general exemption notification.</p>	Nil	Nil

B) Changes in Rule 2A of Service Tax (Determination of Value) w.e.f 01.07.2017

S no.	Particulars
1	<p>Rule 2 A of Service Tax (Determination of Value) Rules, 2006 is being amended with effect from 01.07.2010 so as to make it clear that the <i>value of service portion in execution of works contract involving transfer of goods and land or undivided share of land, as the case may be, shall not include value of property in such land or undivided share of land.</i></p>

Indirect Tax Highlights - Service Tax

C) Exemptions added and relevant changes:

S no.	Particulars	Existing	Proposed
1	<p>Services provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds by way of life insurance to members of the Army, Navy and Air Force under the Group Insurance Schemes of the Central Government is being exempted from service tax from 2nd February, 2017.</p> <p>The amendment has been made in Mega Notification number 25/2012 by amendment notification 07/2017 dated 02, February, 2017 w.e.f. 02, February, 2017.</p>	14%	Nil
2	<p>The exemption vide S. No. 9B of notification No. 25/2012-ST dated 20.06.2012, is being amended so as to omit the word “residential” appearing in the notification. S. No. 9B of notification No. 25/2012-ST exempts services provided by Indian Institutes of Management (IIMs) by way of two year full time residential Post Graduate Programmes (PGP) in Management for the Post Graduate Diploma in Management (PGDM), to which admissions are made on the basis of the Common Admission Test (CAT), conducted by IIM.</p> <p>The amendment has been made in Mega Notification number 25/2012 by amendment notification 07/2017 dated 02, February, 2017 w.e.f. 02, February, 2017.</p>	14%	Nil

Indirect Tax Highlights - Service Tax

S no.	Particulars	Existing	Proposed
3	<p>Under the Regional Connectivity Scheme (RCS), exemption from service tax is being provided in respect of the amount of Viability Gap Funding (VGF) payable to the selected airline operator for the services of transport of passengers, with or without accompanied belongings, by air, embarking from or terminating in a Regional Connectivity Scheme (RCS) airport, for a period of one year from the date of commencement of operations of the Regional Connectivity Scheme (RCS) airport as notified by Ministry of Civil Aviation.</p> <p>The amendment has been made in Mega Notification number 25/2012 by amendment notification 07/2017 dated 02, February, 2017 w.e.f. 02, February, 2017.</p>	14%	Nil
4	<p>Benefit of the exemption notification No. 41/2016-ST dated 22.09.2016 is being extended with effect from 1.6.2007, the date when the services of renting of immovable property became taxable.</p> <p>Notification No.41/2016-ST dated 22.09.2016, exempts one time upfront amount (called as premium, salami, cost, price, development charges or by whatever name) payable for grant of long-term lease of industrial plots (30 years or more) by State Government industrial development corporations/undertakings to industrial units from Service Tax (Clause 127 of the Bill refers).</p>	14%	Nil

Indirect Tax Highlights - Service Tax

D) Rationalization Measure

S no.	Particulars
1	<p>Explanation-I (e) for the purpose of sub-rule (3) and (3A) of Rule 6 of Cenvat Credit Rules, 2004 is being amended so as to exclude banks and financial institutions including non-banking financial companies engaged in providing services by way of extending deposits, loans or advances from its ambit.</p> <p>It has been provided in the Cenvat Credit Rules, 2004 that value for the purpose of reversal of common input tax credit on inputs and input services used in providing taxable services and exempted services, shall not include the value of service by way of extending deposits, loans or advances against consideration in the form of interest or discount.</p>

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Indirect Tax Highlights - Service Tax

E) Legislative Changes regarding Authority for Advance Ruling

S No.	Particulars
1	Clause (d) of section 96A is being amended so as to substitute the definition of “Authority” to mean the Authority for Advance Ruling as constituted under section 28E of the Customs Act, 1962
2	Section 96B relating to vacancies not to invalidate proceedings is being omitted.
3	Sub-section (3) of section 96C is being amended so as to increase the application fee for seeking advance ruling from INR two thousand five hundred to INR ten thousand on the lines of the Central Excise Act.
4	Sub-section (6) of section 96D is being amended so as to provide time limit of six months by which Authority shall pronounce its ruling on the lines of the Central Excise Act.
5	A new section 96HA is being inserted so as to provide for transferring the pending applications before the Authority for Advance Rulings (Central Excise, Customs and Service Tax) to the Authority constituted under section 245-O of the Income-tax Act from the stage at which such proceedings stood as on the date on which the Finance Bill, 2017 receives the assent of the President.

Indirect Tax Highlights - Service Tax

S No.	Particulars
6.	<p>Sub-section (2) of section 27 is being amended so as to keep outside the ambit of unjust enrichment, the refund of duty paid in excess by the importer before an order permitting clearance of goods for home consumption is made, where-</p> <p>(i) such excess payment is evident from the bill of entry in the case of self assessed bill of entry or (ii) the duty actually payable is reflected in the reassessed bill of entry in the case of reassessment.</p>
7.	<p>Clause (e) of section 28E is being amended so as to substitute the definition of “Authority” to mean the Authority for Advance Ruling as constituted under section 245-O of the Income-tax Act, 1961.</p>
8.	<p>Section 28F is being amended so as to provide that the <u>Authority for Advance Rulings constituted under section 245-O of the Income-tax Act shall be the Authority for giving advance rulings for the purposes of the Customs Act.</u></p> <p>It further seeks to provide that the Member of the Indian Revenue Service (Customs and Central Excise), who is qualified to be a Member of the Board, shall be the revenue Member of the Authority for the purposes of Customs Act.</p>

Indirect Tax Highlights - Service Tax

S No.	Particulars
	It also seeks to provide for transferring the pending applications before the Authority for Advance Rulings (Central Excise, Customs and Service Tax) to the Authority constituted under section 245-O of the Income-tax Act from the stage at which such proceedings stood as on the date on which the Finance Bill, 2017 receives the assent of the President.
9.	Sub-section (3) of section 46 is being substituted so as to make it mandatory to file the bill of entry before the end of the next day following the day (excluding holidays) on which the vessel or aircraft or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing and to provide for imposition of such charges for late presentation of the bill of entry as may be prescribed.
10.	Section 49 is being amended to extend the facility of storage under section 49 to imported goods entered for warehousing before their removal.
11.	Clause (e) of section 23A is being amended so as to substitute the definition of “Authority” to mean the Authority for Advance Ruling as constituted under section 245-O of the Income-tax Act, 1961.

Indirect Tax Highlights - Service Tax

S No.	Particulars
12.	Sub-section (3) of section 23C is being amended so as to increase the application fee for seeking advance ruling from INR two thousand five hundred to INR ten thousand on the lines of the Income-tax Act.
13.	Sub-section (6) of section 23D is being amended so as to provide time of limit of six months by which Authority shall pronounce its ruling on the lines of the Income-tax Act.

Indirect Tax Highlights - Service Tax

Change in rates of Custom Duty (First Schedule to the Customs Tariff Act)

The amendments involving increase in the duty rates will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

S No.	Particulars	From	To
	Amendments affecting rates of BCD- Commodity		
1.	Cashew nut, roasted, salted or roasted and salted	30%	45%
2.	RO membrane element for household type filters	7.5%	10%

Change in rates of Custom Duty (Second Schedule to the Customs Tariff Act)

The amendments involving increase in the duty rates will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

S No.	Particulars	From	To
	Amendments affecting rates of Export Duty		
	Ores and concentrates		
	Other aluminum ores and concentrates	Nil	30%

Indirect Tax Highlights - Excise and Custom Duty

OTHER PROPOSALS INVOLVING CHANGES IN BCD, CVD, SAD AND EXPORT DUTY RATES

S.no.	Commodity	From	To
	Export Duty		
A.	Ores and concentrates		
1.	Other Aluminium ores, including laterite	NIL	15%
	Basic Custom Duty		
B.	Mineral fuels and Mineral oils		
1.	Liquified Natural Gas	5%	2.5%
C.	Chemicals and Petrochemicals		
1.	o-Xylene	2.5%	NIL
2.	Medium Quality Terephthalic Acid (MTA) & Qualified Terephthalic Acid (QTA)	7.5%	5%
3.	2-Ethyl Anthraquinone [29146990] for use in manufacture of hydrogen per oxide, subject to actual user condition	7.5%	2.5%
4.	Clay 2 Powder (Alumax) for use in ceramic substrate for catalytic convertors, subject to actual user condition	7.5%	5%
5.	Vinyl Polyethylene Glycol (VPEG) for use in manufacture of Poly Carboxylate Ether, subject to actual user condition	10%	7.5%

Indirect Tax Highlights - Excise and Custom Duty

S no.	Commodity	From	To
D.	Textiles		
1.	Nylon mono filament yarn for use in monofilament long line system for Tuna fishing, subject to certain specified conditions	7.5%	5%
E.	Finished Leather, Footwear and Other Leather Products		
1.	Vegetable tanning extracts, namely Wattle extract and Myrobalan fruit Extract	7.5%	2.5%
2.	Limit of duty free import of eligible items for manufacture of leather footwear or synthetic footwear or other leather products for use in the manufacture of said goods for export	3% of FOB value of said goods exported during the preceding financial year	5% of FOB value of said goods exported during the preceding financial year

Indirect Tax Highlights - Excise and Custom Duty

S no.	Commodity	From	To
F.	Metals		
1.	Co-polymer coated MS tapes / stainless steel tapes for manufacture of telecommunication grade optical fibres or optical fibre cables, subject to actual user condition	NIL	10%
2.	Nickel	2.5%	NIL
3.	MgO coated cold rolled steel coils [7225 19 90] for use in manufacture of CRGO steel, subject to actual user condition	10%	5%
4.	Hot Rolled Coils [7208], when imported for use in manufacture of welded tubes and pipes falling under heading 7305 or 7306, subject to actual user Condition	12.5%	10%
G.	Capital Goods		
1.	Ball screws, linear motion guides and CNC systems for use in manufacture of all CNC machine tools, subject to actual user condition.	Ball screws and liner motion guides BCD - 7.5% CNC systems BCD - 10%	2.5%

Indirect Tax Highlights - Excise and Custom Duty

S no.	Commodity	From	To
H.	Electronics / Hardware		
1.	Populated Printed Circuit Boards (PCBs) for the manufacture of mobile phones, subject to actual user condition	SAD - NIL	SAD - 2%
I.	Renewable Energy		
1.	Solar tempered glass for use in the manufacture of solar cells/panels/modules subject to actual user condition	BCD - 5%	BCD - Nil
2.	Parts/raw materials for manufacture of solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications, subject to actual user condition	CVD - 12.5%	CVD - 6%
3.	Resin and catalyst for manufacture of cast components for Wind Operated Energy Generators [WOG], subject to actual user condition	BCD - 7.5% CVD - 12.5% SAD - 4%	BCD - 5% CVD - Nil SAD - Nil

Indirect Tax Highlights - Excise and Custom Duty

S no.	Commodity	From	To
4.	All items of machinery required for fuel cell based power generating systems to be set up in the country or for demonstration purposes, subject to certain specified conditions	BCD - 10% / 7.5% CVD - 12.5%	BCD - 5% CVD - 6%
5.	All items of machinery required for balance of systems operating on biogas/ bio-methane/ by-product hydrogen, subject to certain specified conditions	BCD - 10% /7.5% CVD - 12.5%	BCD - 5% CVD - 6%
J.	Miscellaneous		
1.	Membrane Sheet and Tricot / Spacer for use in manufacture of RO membrane element for household type filters, subject to actual user condition	CVD - 12.5%	CVD - 6%
2.	All parts for manufacture of LED lights or fixtures, including LED lamps, subject to actual user condition	Applicable BCD, CVD	BCD - 5% CVD - 6%
3.	All inputs for use in the manufacture of LED Driver and MCPCB for LED lights or fixtures, including LED lamps, subject to actual user condition	Applicable BCD	5%

Indirect Tax Highlights - Excise and Custom Duty

S no.	Commodity	From	To
4.	De-minimis customs duties exemption limit for goods imported through parcels, packets and letters	Duty payable not exceeding Rs.100 per consignment	CIF value not exceeding Rs.1000 per consignment
5.	Miniaturized POS card reader for m-POS (not including mobile phones, or tablet computers), micro ATM as per standards version 1.5.1, Finger Print Reader / Scanner or Iris Scanner	Applicable BCD, CVD SAD	BCD - Nil CVD - Nil SAD - Nil
6.	Parts and components for manufacture of miniaturized POS card reader for m-POS (not including mobile phones, or tablet computers), micro ATM as per standards version 1.5.1, Finger Print Reader / Scanner or Iris Scanner, subject to actual user condition	Applicable BCD, CVD SAD	BCD - Nil CVD - Nil SAD - Nil
7.	Silver medallion, silver coins having silver content not below 99.9%, semi manufactured form of silver and articles of silver.	CVD - Nil	CVD - 12.5%

Indirect Tax Highlights - Excise and Custom Duty

Amendments not affecting rates of Duty

S No.	Particulars
1	<p>To:</p> <ul style="list-style-type: none">i. Delete tariff items 1302 32 10 and 1302 32 20 and entries relating thereto and create new tariff items 1106 10 10 and 1106 10 90, in relation to Guar meal and its products to harmonize the Customs Tariff with HS Nomenclature.ii. Create new tariff item 1511 90 30 for Refined bleached deodorised palm stearin” to harmonize Customs Tariff in accordance with WCO classification decision.iii. Substitute tariff items 3823 11 11 to 3823 11 90 and entries relating thereto with tariff item 3823 11 00.iv. Substitute tariff items 3904 10 10 to 3904 22 90 with tariff items 3904 10 10 to 3904 22 00 in relation to the PVC Resin.
2	<p>To amend Chapter Note (4) of Chapter 98 so as to remove the non-applicability of headings 9803 and 9804 to goods imported through courier service. Also, to amend heading 9804 so as to extend the classification of personal imports by courier, sea, or land under this heading.</p>

Indirect Tax Highlights - Excise and Custom Duty

Amendments in Central Excise Rules, 2002 and CCR, 2004

Particulars

Sub-rule (4) is being inserted in rule 10 of CENVAT Credit Rules, 2004 so as to provide for a time limit of three months [further extendable by 6 months] for approval of requests regarding transfer of CENVAT credit on shifting, sale, merger, etc. of the factory.

Retrospective Amendment

Particulars

To retrospectively [that is with effect from 01.01.2017] specify a tariff rate of excise duty of 12.5% [as against present tariff rate of 27%] on motor vehicles for transport of more than 13 persons falling under tariff items 8702 90 21 to 8702 90 29 of the First Schedule to the Central Excise Tariff Act, 1985.

Indirect Tax Highlights - Excise and Custom Duty

Change in Rates of Excise Duty

The amendments involving increase in the duty rates will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

S no.	Particulars	From	To
	Basic Excise Duty		
A)	Tobacco and Tobacco Products		
1	Cigar and cheroots	12.5% or INR 3375 per thousand, whichever is higher	12.5% or INR 4006 per thousand, whichever is higher
2	Cigarillos	12.5% or INR 3375 per thousand, whichever is higher	12.5% or INR 4006 per thousand, whichever is higher
3	Cigarettes of tobacco substitutes	INR 3375 per thousand	INR 4006 per thousand
4	Cigarillos of tobacco substitutes	12.5% or INR 3375 per thousand, whichever is higher	12.5% or INR 4006 per thousand, whichever is higher

Indirect Tax Highlights - Excise and Custom Duty

S no.	Particulars	From	To
5	Others of tobacco substitutes	12.5% or INR 3375 per thousand, whichever is higher	12.5% or INR 4006 per thousand, whichever is higher
	Additional Excise Duty		
B)	PAN Masala		
6	PAN Masala	6%	9%
C)	Tobacco and Tobacco Products		
7	Unmanufactured Tobacco	4.2%	8.3%
8	Paper Rolled Biris - Handmade	BCD-INR 21 per thousand	BCD-INR 28 per thousand
9	Paper Rolled biris - Machine Made	BCD-INR 21 per thousand	BCD-INR 78 per thousand
D)	Renewable Energy		
10	Solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications, subject to actual user condition	NIL	6%

Indirect Tax Highlights - Excise and Custom Duty

S no.	Particulars	From	To
11	Parts/raw materials for manufacture of solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications, subject to actual user condition	12.5%	6%
12	Resin and catalyst for manufacture of cast components for Wind Operated Energy Generators [WEOG], subject to actual user Condition	12.5%	NIL
13	All items of machinery required for fuel cell based power generating systems to be set up in the country or for demonstration purposes	12.5%	6%
14	All items of machinery required for balance of systems operating on biogas/ bio-methane/ by-product hydrogen	12.5%	6%
E)	Miscellaneous		
15	Membrane Sheet and Tricot / Spacer for use in manufacture of RO membrane element for household type filters, subject to actual user condition	12.5%	6%

Indirect Tax Highlights - Excise and Custom Duty

S no.	Particulars	From	To
16	All parts for manufacture of LED lights or fixtures, including LED lamps, subject to actual user condition	Applicable Duty	6%
17	Miniaturized POS card reader for m-POS (not including mobile phones, or tablet computers), micro ATM as per standards version 1.5.1, Finger Print Reader / Scanner or Iris Scanner	Applicable Duty	NIL
18	Parts and components for manufacture of miniaturized POS card reader for m-POS (not including mobile phones, or tablet computers), micro ATM as per standards version 1.5.1, Finger Print Reader / Scanner or Iris Scanner, subject to actual user Condition	Applicable Duty	NIL
19	<p>a. Waste and scrap of precious metals or metals clad with precious metals arising in course of manufacture of goods falling in Chapter 71</p> <p>b. Strips, wires, sheets, plates and foils of silver</p> <p>c. Articles of silver jewellery, other than those studded with diamond, ruby, emerald or sapphire</p> <p>d. Silver coin of purity 99.9% and above, bearing a brand name when manufactured from silver on which appropriate duty of customs or excise has been paid</p>	NIL	Nil, subject to the condition that no credit of duty paid on inputs or input services or capital goods has been availed by manufacturer of such Goods

Indirect Tax Highlights - Excise and Custom Duty

The Seventh Schedule to the Finance Act, 2005 is being amended so as to increase the additional excise duty of all Tobacco and Tobacco Products.

S no.	Cigarettes	From INR Per thousand	To INR Per thousand
1.	Non filter not exceeding 65 mm	215	311
2.	Non-filter exceeding 65 mm but not exceeding 70 mm	370	541
3.	Filter not exceeding 65 mm	215	311
4.	Filter exceeding 65 mm but not exceeding 70 mm	260	386
5.	Filter exceeding 70 mm but not exceeding 75 mm	370	541
6.	Other	560	811
7.	Chewing Tobacco	10%	12%
8.	Jarda Scented Tobacco	10%	12%
9.	Pan Masala containing Tobacco (Guthka)	10%	12%

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

Thank You

New Delhi

A-380, Defence Colony
New Delhi - 110024

Tel: +91-11-49800000
Fax: +91-11-49800029
E-mail: spn@spnagrath.com

A-371 & A379, Defence Colony
New Delhi - 110024

Tel: +91-11-49800000
Fax: +91-11-49800029
E-mail: spn@spnagrath.com

17, Subhash Marg, Darya Ganj
New Delhi-110 002.

Tel: +91-11-2327 2024
Fax: +91-11-2327 2064
E-mail: spndg@spnagrath.com

Bangalore

511,139, Oxford Towers,
Airport Road, Kodihalli,
Bangalore - 560008

Tel: +91-80-4151 6664, 4151 6665
E-mail: spnblr@spnagrath.com