

UNION BUDGET

2017-18

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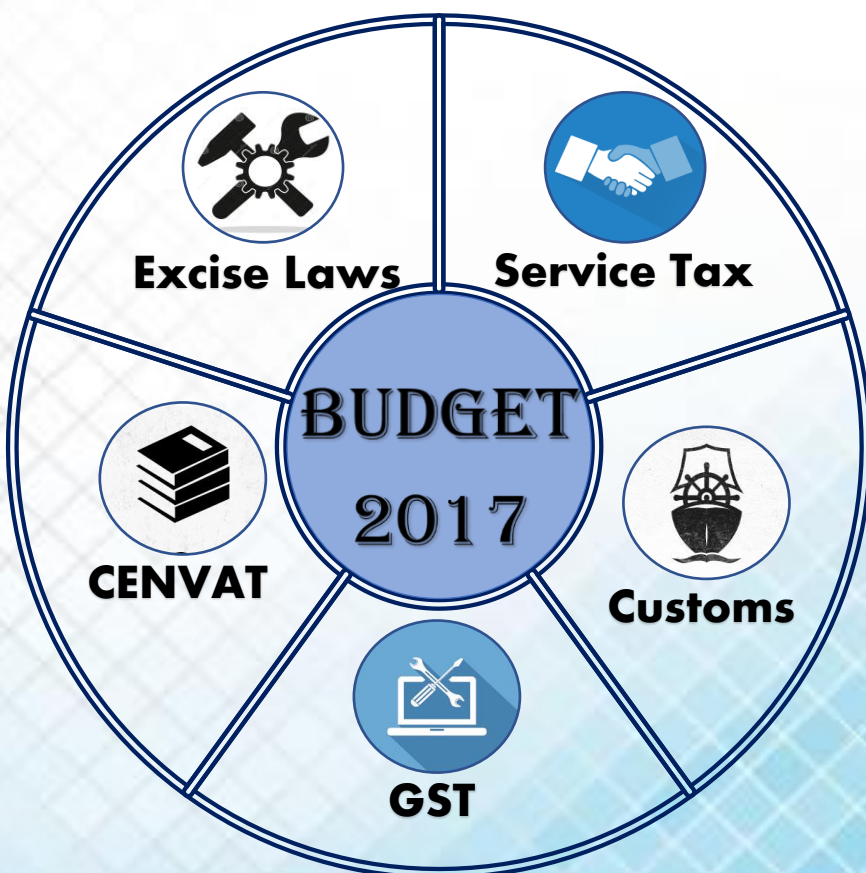


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***Budget
2017***



Foreword

The union budget in India is a comprehensive statement of the government's finances including spending, revenues, deficit or surplus, investment and borrowings, for the coming fiscal year. The budget can steer the economy of the country due to so many correctional, directional changes taken for the short term. It can also provide direction on what is expected in the next few years.

The budget 2017-18 contains three major reforms. First, the advancement of budget to 1st February to enable the Parliament to avoid a Vote on Account and pass a single Appropriation Bill for 2017-18, before the close of the current financial year. Second, the merger of the Railways Budget with the General Budget. Third, removal of the Plan and Non-Plan distinction in expenditure budgeting.

The government has taken two major domestic policy decisions against the backdrop of robust macro-economic stability, first, the passage of the Constitutional amendment paving the way for implementing the transformational Goods and Services Tax (GST), second, the action to demonetise the two highest denomination notes.

With the clearance of major set block i.e. the Constitutional amendment bill and further developments on the major reform, ground level measures and clear roadmap for introduction of GST was expected from the Finance Minister speech. However, there is no such discussion about the timeframe for GST introduction and its implementation. Only reference has been made for the development taken place till date and the fact that the government will initiate extensive reach out program with trade and industry w.e.f. 1.4.2017.

On the existing taxes front, the government has not brought much changes considering the advent of GST in the fiscal year 2017-18. The revenue collection from the existing taxes only is estimated to be Rs. 9.32 Lakh Crores in the year 2017-18 as compared to revised budget estimate of Rs. 8.56 Lakh Crores in the year 2016-17. The Budget estimate for revenue collection from Indirect Taxation does not take into account the likely collection from GST. However, one may only hope that the GST would be introduced as per schedule.

With this Budget edition, we bring before you the key changes which have taken place in the Indirect Taxation. We would be glad to hear from you for your valuable feedback.

Team, Hiregange & Associates



Goods & Service Tax

Economic Survey 2016-17

- GST is historical policy development and will create a common Indian Market, improve tax compliance and governance, and Boost investment and growth
- It is a bold new experiment in the governance of India's cooperative federalism
- Revenue collection will take some time to reach its potential due to many complications in transition to GST from administrative and technology perspective
- Fiscal gains from implementing GST will take time to be fully realized
- The focus on ensuring that rates on essentials kept low and on luxuries kept sufficiently high with insufficient concern for the implied consequences for efficiency and simplification
- Follow up actions are required to minimise the costs in terms of further tax reforms by way of including land and real estate into the GST, reducing tax rate and stamp duties
- Over the medium run, the implementation of GST, follow-up to demonetization and other structural reform measures should take the trend rate of growth of the economy to the 8-10 percent range that India needs
- GST will be providing so much more data on individual transactions, greater information sharing between the direct and indirect tax departments at the centre, along with coordination with the states, could lead to greater compliance through non-punitive means, not just in relation to indirect but also direct tax collections
- GST provides an excellent opportunity to avoid the discrimination in apparel where clothing is produced using man-made fibres and footwear against the production of non-leather based footwear by way of rationalisation of domestic indirect taxes.
- GST induced tax rationalisation would add considerably to the job creation potential of the clothing and footwear sectors.
- GST may show internal integration achievement of India based on GSTN-invoice level data on interstate movement of goods



Goods & Service Tax

Union Budget

- The efforts for passage of Constitutional Amendment Bill and progress for its implementation were lauded.
- The actions taken towards implementation of GST were mentioned, as follows:
 - Tireless efforts by officials of States and CBEC to give finishing touch to Model GST Law and Rules
 - Formation of GST Council
 - Discussion and development taken place in 9 meetings of GST Council
 - Scheduled preparation of IT system for GST
- Government to initiate extensive reach-out efforts to trade & industry w.e.f. 1.4.2017 to make them aware of new taxation system
- The resolution of Government to implement GST at the earliest without mentioning the target date reiterated

Service Tax

1. Extension of the exemption to non-residential courses by IIM:

Presently the exemption was provided for services by way of the **residential** post-graduation programme, which has been extended to **any** two-year full time post-graduation education programme in management for the post graduate diploma in management top which the admission is made on the basis of common admission test conducted by IIM

Effective date – 02.02.2017

(Refer Notification No. 7/2017-ST dated 02.02.2017)

2. Exemption to Air transport at RCS Airport:

Exemption has been provided when the service is provided to Government by way of transport of passengers by air for those who are embarking from or terminating at a Regional Connectivity Scheme Airport upto 1 year from the date of its commencement of operations

Effective date: 02.02.2017

(Refer Notification No. 7/2017-ST dated 02.02.2017)

3. Army Insurance exempted:

Exemption has been granted to services of life insurance business provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds to members of the Army, Navy and Air Force, respectively, under the Group Insurance Schemes of the Central Government.

Effective date: 02.02.2017 for exemption and the date of the president ascent for the past.

(Refer Notification No. 7/2017-ST dated 02.02.2017 & clause 127 of the Finance Bill 2017)

4. Manufacturing activity moved from Negative list exemption:

The activity of any process amounting to manufacture or production of goods was covered under the negative list, which has been removed from the negative list and has bought in as an exemption notification. No immediate effect of such amendment.

Effective date: Enactment of the Finance Act 2017

(Refer Notification No. 7/2017-ST dated 02.02.2017)

Service Tax

5. Changes in Advance Ruling

- The Authority of Advance Ruling shall have meaning as assigned in the Section 122(d) of the Customs Act, 1962
- The filing fee has been enhanced from Rs. 2,500/- to Rs. 10,000/-
- The due date for pronouncing the ruling has been enhanced from 90 days to 6 Months
- All pending application shall be transferred to new authority

6. Change in valuation rules

The value of land shall not be part of the taxable value for the purpose of levying service tax under the actual deduction method for works contract under Rule 2A (1) of the Service Tax (Determination of Value) Rules, 2006, in case the same has not been opted then, the taxable value shall be as under with such condition for the different period

Period	Value	Condition
01.07.2010 to 30.06.2012	25%	CENVAT on inputs, input service and capital goods has not been availed.
01.07.2012 to 28.02.2013	25%	
01.03.2013 to 07.05.2013	30%	For commercial or residential having more than 2000sft of carpet area and more than 1Crore in value
	25%	Others
08.05.2013 to 31.03.2016	30%	For commercial or residential having more than 2000sft of carpet area or more than 1Crore in value
	25%	Others
01.04.2016onwards	30%	

Note: Retrospective amendment to overcome the judgment of Delhi HC in case of “Suresh Bansal” where court had held that no service tax is payable on construction of residential complex as there is no valuation mechanism under the Finance Act or Valuation Rules



Service Tax

7. Retrospective exemption for the upfront fee

Section 104 has been proposed to give a retrospective exemption for the period from the 1st day of June, 2007 and ending with the 21st day of September, 2016 on the one time upfront amount (premium, salami, cost, price, development charge or by whatever name called) in respect of taxable service provided or agreed to be provided by a State Government industrial development corporation or undertaking to industrial units by way of grant of long term lease of thirty years or more of industrial plots.

The service tax already paid would be eligible for the refund against a claim which has to be made within 6 months from the date of receipt of the president assent to the Finance Act 2017

Central Excise

1. Increase in duty on Cigarettes

The additional duty of excise on non-filter and filter cigarettes of sub-heading 2402 20 is being increased. There is no change in the Basic Excise Duty leviable under the First Schedule to the Central Excise Tariff Act, 1985 and the NCCD leviable under Seventh Schedule to the Finance Act, 2001. The changes in additional duty of excise rates on cigarettes are summarized below.

Tariff Item	Description	Additional Duty of Excise(Rs. per 1000 sticks)	
		Existing Rate	New Rate
2402 20 10	Non-filter not exceeding 65mm	215	311
2402 20 20	Non-filter exceeding 65mm but not exceeding 70mm	370	541
2402 20 30	Filter not exceeding 65mm	215	311
2402 20 40	Filter exceeding 65mm but not exceeding 70mm	260	386
2402 20 50	Filter exceeding 70mm but not exceeding 75mm	370	541
2402 20 90	Other	560	811

2. Increase in duty on other tobacco products

Basic Excise Duty on other tobacco products falling under heading 2402 is being increased as under:

Tariff Item	Description	Basic Excise Duty rate	
		From (per thousand WEH)	To(per thousand WEH)
2402 10 10	Cigar and cheroots	12.5% or Rs.3755	12.5% or Rs.4006
2402 10 20	Cigarillos	12.5% or Rs.3755	12.5% or Rs.4006
2402 90 10	Cigarettes of tobacco substitutes	Rs. 3755	Rs. 4006
2402 90 20	Cigarillos of tobacco substitutes	12.5% or Rs.3755	12.5% or Rs.4006
2402 90 90	Others of tobacco substitutes	12.5% or Rs.3755	12.5% or Rs.4006

Central Excise

3. Increase in duty on Bidis

Excise duty rate on Handmade Paper rolled biris and Machine made Paper rolled biris [both falling under tariff item 2403 19 29] is being increased from Rs. 21 per thousand to Rs. 28 per thousand and from Rs. 21 per thousand to Rs. 78 per thousand respectively.

However, there is no change in basic excise duty rate on other goods falling under tariff item 2403 19 29, which will continue to be Rs.21 per thousand.

Notification No. 12/2012 -Central Excise dated 17.03.2012 as amended by notification No.6/2017-Central Excise dated 02.02.2017 [S.No.48 and new S.Nos.48A and 48B].

4. Increase in Health cess

The additional duty of excise levied under the Seventh Schedule to the Finance Act, 2005 [commonly known as health cess] on jarda scented tobacco, gutkha and chewing tobacco is being increased from 6% to 12%.

Clause 146 of the Finance Bill, 2017 and notification No. 6/2005-Central Excise, dated the 1st March, 2005 as amended by notification No.3/2017Central Excise dated 02.02.2017 [S.Nos.13, 15 and 20 are being omitted].

5. Additional excise duty on pan masala

Further, the effective rate of additional duty of excise levied on pan masala and unmanufactured tobacco, is being increased from 6% to 9% and 4.2% to 8.3% respectively. Notification No. 6/2005-Central Excise, dated the 1st March, 2005 as amended by notification No.3/2017 CE dated 02.02.2017 [S.Nos.1 and 2].

Commodity	CETH	Present Health Cess (%)	Proposed Health Cess (%)
Pan Masala	2106 90 20	6	9
Gutkha	2403 99 90	6	12
Unmanufactured Tobacco	2401	4.2	8.3
Chewing Tobacco	2403 99 10	6	12
Zarda Scented Tobacco	2403 99 30	6	12

Central Excise

6. Increase in duty on Tobacco

The excise duty payable per machine per month under the Compounded Levy Scheme applicable to Chewing tobacco and unmanufactured tobacco packing machines (Capacity Determination and Collection of Duty) Rules, 2010 and Pan Masala Packing Machines (Capacity Determination And Collection of Duty) Rules, 2008 as amended by notification No.2/2017-Central Excise (N.T.), dated 02.02.2017 is increased.

7. Concessional duty on goods falling under 3101

Goods falling under heading 3101 will attract Nil Central Excise duty. Notification No.12/2012-Central Excise dated 17.03.2012 [S.No.128, which prescribed a concessional excise duty of 1% subject to certain conditions] as amended by notification No.6/2017-Central Excise dated the 2nd February, 2017.

8. Catalyst and resin

Excise duty is being exempted on Catalyst [3815 90 00] and Resin [3909 40 90] for use in the manufacture of cast components of Wind Operated Electricity Generator subject to actual user condition will be valid till 30th

June, 2017 [new S. Nos. 145 B and 145C].

9. Membrane sheet

Excise duty on Membrane Sheet and Tricot / Shaper, falling under tariff item 3921 19 00, for use in the manufacture of Reverse Osmosis (RO) membrane for household type filters is being reduced from 12.5% to 6% subject to actual user condition will be valid till 30th June 2017 [new S. No. 148AAA].

10. Solar tempered glass

Withdrawn on solar tempered glass for use in the manufacture of (a) solar photovoltaic cells or modules, (b) solar power generating equipment or systems, (c) flat plate solar collectors, or (d) solar photovoltaic module and panel for water pumping and other applications, [under S. No 187 C and List 8 of S. No. 332 A of Notification No. 12/2012- Central Excise dated 17th March, 2012] and 6% concessional excise duty is being imposed on solar tempered glass, subject to actual user condition. This 6% concessional excise duty will be valid till 30th June, 2017.

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11. RM for Solar tempered glass

Duty is being reduced from 12.5% to 6% on parts/raw material for use in the manufacture of solar tempered glass, for use in (a) solar photovoltaic cells or modules; (b) solar power generating equipment or systems, (c) flat plate solar collectors, or (d) solar photovoltaic module and panel for water pumping and other applications, subject to actual user condition. This 6% concessional excise duty will be valid till 30th June, 2017.

12. Scrap/ waste of precious materials

Nil excise duty, on waste and scrap of precious metals or metals clad with precious metals, arising in course of manufacture of goods, is being made subject to condition that no credit of input or input services or capital goods has been availed by manufacturers of such goods. S. No. 195 of Notification No. 12/2012-Central Excise dated 17.03.2012

13. Strips, wires, sheets etc.

Nil excise duty, on strips, wires, sheets, plates and foils of silver, is

being made subject to condition that no credit of input or input services or capital goods has been availed by manufacturers of such goods. S. No. 196 of Notification No. 12/2012-Central Excise dated 17.03.2012.

14. Articles of silver jewellery

Nil excise duty, on articles of silver jewellery, other than those studded with diamond, ruby, emerald or sapphire, is being made subject to condition that no credit of input or input services or capital goods has been availed by manufacturers of such goods. S. No. 199 (III) of Notification No. 12/2012-Central Excise dated 17.03.2012.

15. Silver coins

Nil excise duty, on Silver coins of purity 99.9% above, bearing a brand name, is being made subject to condition that no credit of input or input services or capital goods has been availed by manufacturers of such goods. S. No. 200 (III) of Notification No. 12/2012-Central Excise dated 17.03.2012.

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16. Micro ATMs

Excise duty is being exempted on Micro ATMs as per standards version 1.5.1, fingerprint reader / scanner, and Iris Scanner. Further, excise duty is also being exempted on parts and components for manufacture of these devices, subject to actual user condition. This exemption from excise duty will be valid till 30th June, 2017. Notification No. 12/2012- C E, dated 17th March, 2012 [new S. No. 256C]

17. Miniaturised POS card reader

Excise duty is being exempted on miniaturised POS card reader for mPOS (other than Mobile phone or Tablet Computer). Further, excise duty is also being exempted on parts and components of miniaturised POS card reader for use in the manufacture of miniaturised POS card reader for mPOS (other than Mobile phone or Tablet Computer), subject to actual user condition. This exemption from excise duty will be valid till 30th June, 2017. Notification No. 12/2012- Central Excise, dated 17th March, 2012 [new S. No. 256C].

18. Point of sale devices

Point of Sale [POS] devices and all goods for manufacture of POS devices subject to actual user condition were exempted from central excise / CVD Vide Notification No.35/2016 Central Excise, dated 28th November, 2016. These exemptions which are valid till 31st March 2017 are being extended up to 30.06.2017.

19. Motor Vehicles

Excise duty on Motor Vehicles falling under tariff items 8702 90 21, 8702 90 22, 8702 90 28 and 8702 90 29 is being reduced from 27% to 12.5% retrospectively from 1st January, 2017.

Note - Vide S.No.277A of notification No.12/2012-Central Excise, dated 17.03.2012, these goods already attract excise duty of 12.5%.

20. Initial set up for generation of power

6% concessional excise duty is being prescribed for all items of machinery, including, instruments, apparatus and appliances, transmission equipment and auxiliary equipment (including those required for testing and

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quality control) and components/parts, required for initial setting up of fuel cell based system for generation of power or for demonstration purposes subject to certain conditions. The concessional excise duty will be valid till 30th June, 2017. Notification No.5/2017- Central Excise dated 2nd February, 2017.

21. LED Lights

6% concessional excise duty, currently applicable to LED (Light Emitting Diode) driver and MCPCB (Metal Core Printed Circuit Board) for use in the manufacture of LED lights and fixtures or LED lamps [S. No. 321A of Notification No. 12/2012- Central Excise dated 17th March, 2012 refers], is being extended to all parts for use in the manufacture of LED lights or fixtures including LED Lamps subject to actual user condition. The concessional excise duty will be valid till 30th June, 2017. S.No.321A of Notification No. 12/2012- Central Excise, dated 17th March, 2012.

22. Time limit fixed for remission application

The authority to whom application is made for remission of duty under Rule 21 of CER is

required to decide on the application within 3 months from the date of its receipt.

It may, on sufficient cause being shown, be further increased by next higher authority. But such extension shall not be allowed beyond six months.

(Notification No. 5/2017-CE (NT))

23. Clarification on applicability of section 5A in respect of inputs imported or exported by EOU

Section 5A of the Excise Act provides that unless specifically provided in a notification, no exemption therein shall apply to excisable goods which are produced or manufactured by an Export Oriented Units ("EOU") and cleared to the Domestic Tariff Area ("DTA"). It has been clarified that non-applicability of exemptions under notifications issued under Section 5A is only in respect of excisable goods produced or manufactured by an EOU and cleared to DTA and not in respect of inputs/raw materials procured by them domestically and utilised for production/manufacture of goods which are cleared by them to DTA. Thus, EOU will also be eligible to import or procure raw materials/inputs at other concessional/Nil rate of Basic Customs Duty ("BCD"), Excise duty/Additional Duty of Customs



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("CVD") or Special Additional Duty ("SAD"), as the case may be, provided they fulfill all conditions. for being eligible to such concessional or Nil duty. For these purposes, if an EOU is already registered with the jurisdictional Central Excise Authority, it will not be required to take any fresh registration under the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2016 or the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable and

Other Goods) Rules, 2016, as the case may be. Further, there will be no need for an EOU to separately comply with the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2016 for availing the CVD exemption, if the procedure under the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rule, 2016 is followed by it for availing exemption / concession from BCD on imports of inputs/raw materials



CENVAT Credit

Along with the Budget 2017-18 proposals in order to rationalise taxation system, certain changes are undertaken in the provisions of CENVAT Credit Rules, 2004. The following changes are brought out in the CENVAT Credit Rules, 2004.

Rule 6 (3D) (e) not applicable to banking and financial company including non-banking financial institution

A proviso has been inserted after Rule 6(3D) (e) of Cenvat credit Rules that Rule 6 (3D) (e) is not applicable to a banking company and a financial institution including a non-banking financial company, who are engaged in providing services by way of extending deposits, loans or advances.

The value of service of extending the deposits, loans or advance where consideration by way of interest or discount would be considered for purpose of Rule 6. The impact is that there would be credit reversal for interest/discount income in case of banking company and a financial institution including a non-banking financial company, who are engaged in providing services by way of extending deposits, loans or advances

Position earlier to Budget 2017

Earlier in case of reversal of credit under Rule 6, interest/discount income would not be considered as exempted turnover as there was specific exclusion for the interest income received on extending loans or advances. Accordingly value did not include the value of service by way of extending the deposit, loans or advance in so far as consideration in represented by way of interest or discount. Thus, there would not be any credit reversal under Rule 6(3) of Cenvat credit rules for interest income.

Effective date: 02.02.2017

[Refer Notification No 04/2017-CE (NT)]



CENVAT Credit

Transfer of Cenvat credit on shifting, sale, merger, etc. of the factory

A Sub-rule (4) is inserted in rule 10 of CENVAT credit Rules, 2004 to provide time limit of 3 months for approval of requests regarding transfer of CENVAT credit on shifting, sale, merger, etc. of the factory. Further such time period could be extendable for 6 months by Principal Commissioner or Commissioner of CE if sufficient cause is shown and for reason which is recorded in writing.

Note:

Rule 10 of Cenvat credit rules provides for transfer of Cenvat credit when the manufacturer or output service provider shifts his factory to another site on account of change in ownership or on sale, merger, amalgamation, lease or transfer to a Joint venture with specific provision for transfer of liability of such factory.

Effective date: 02.02.2017

[Refer Notification 04/2017-CE(NT)]1

Customs

Amendment in the Customs Act, 1962

1. Amendment in the definitions in section 2:

Section 2 has been amended to:

- Insert clause (3A) to define a beneficial owner as any person on whose behalf the goods are being imported or exported or who exercises effective control over the goods being imported or exported;
- Include Foreign Post Office and International Courier Terminal is included in the definition of a Customs Station in clause (13);
- Omit certain words are omitted in clause (13) to align with the proposed omission of Section 82;
- Provide that the existing definition of exporter in clause (20) includes the beneficial owner;
- Provide that the existing definition of importer in clause (26) includes the beneficial owner;
- Insert clause (30B) so as to define passenger name record information;
- Define Foreign Post Office and International Courier Terminal.

2. Board to notify Foreign Post Offices and International Courier Terminals: (Sec 7)

Section 7 of the Customs Act containing provisions regarding appointment of customs ports, airports etc. has been amended to empower the Board to notify Foreign Post Offices and International Courier Terminals.

3. Rationalisation of documents for self-assessment of duty

Section 17 has been amended to rationalize the requirement of documents for verification of self assessment

4. Unjust enrichment conditions relaxed: (section 27)

Sub-section (2) of section 27 has been 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-

- (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

5. Information to be delivered by person-in-charge of conveyance:

A new Section 30A has been introduced so as to make it obligatory on the person-in-charge of a conveyance that enters India from any place outside India or any other person as may be specified by the Central Government by notification in the Official Gazette, to deliver to the proper officer the passenger and crew arrival manifest before arrival in the case of an aircraft or a vessel and upon

arrival in the case of a vehicle; and passenger name record information of arriving passengers in such form, containing such particulars, in such manner and within such time as may be prescribed.

The said section also intends to provide for imposition of a penalty not exceeding Rs. 50,000/- as may be prescribed, in the case of delay in delivering the information.

Similar conditions have been imposed on person-in-charge of conveyance that departs from India to a place outside India by inserting new section 41A.

6. Bill of entry to be filed before end of next day of arrival of vessel or aircraft

Sub-section (3) of Section 46 has been 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. If not filed, there would be imposition of such charges for late presentation of the bill of entry as may be prescribed.

7. Manner of payment of duty and interest

Sub-section (2) of Section 47 has been amended so as to provide the manner of payment of duty and interest

thereon in the case of self-assessed bills of entry or, as the case may be, assessed, reassessed or provisionally assessed bills of entry.

8. Temporary storage facility extended to goods entered for warehousing:

Section 49 has been amended to provide for permission by proper officer for temporary storage of goods, not exceeding 30 days, when entered for warehousing in India. Earlier, the provision was applicable only in case of goods imported for home consumption. Further, the reference to private warehouse has been omitted.

9. Label or declaration accompanying goods treated as entry omitted

Section 82 relating to label or declaration accompanying goods to be treated as entry is being omitted. Corresponding reference to label or declaration in section 69 has been omitted.



Customs

10. Form and manner of entry in case of import/export by post

Section 84 has been amended to empower the Board to make regulations to provide for the form and manner in which an entry may be made in respect of goods imported or to be exported by post

11. Power to make regulations for specifying the details of manifest:

Section 157 has been amended so as to empower Board to make regulations for specifying the form, particulars, manner and time of providing the passenger and crew manifest for arrival and departure and passenger name record information and penalty in the case of delay in delivering the information.

Amendment in the Customs Tariff Act, 1975

12. Chapter 20

Basic Customs duty rate on import of Cashew nut, roasted, salted or roasted and salted [20081910] is being increased from 30% to 45% by increasing the tariff rate from 30% to 45% with immediate effect.

13. Chapter 26

The Second Schedule (Export Tariff) to the Customs Tariff Act, 1975 is being amended to prescribe a tariff rate of

export duty of 30% for all goods falling under tariff item 2606 00 90, namely, 'Other aluminium ores and concentrates' with immediate effect. However, Export duty is being imposed at an effective rate of 15% on 'Other aluminium ores, including laterite' falling under tariff item 2606 00 90 and on goods other than the said goods falling under tariff item 2606 00 90 (concentrates) will continue to attract Nil export duty.

14. Chapter 27

Basic Customs Duty on Liquefied Natural Gas (LNG) falling under tariff item 2711 11 00 is being reduced from 5% to 2.5%.

15. Chapter 28

Concessional 5% Basic Custom Duty is being extended to Clay 2 Powder (Alumax) [2818 20 90], for use in ceramic substrate for catalytic convertors, subject to actual user condition.

16. Chapter 29

a) Basic Customs Duty on o-Xylene [2902 41 00] is being reduced from 2.5% to Nil.

b) Basic Customs Duty on 2-Ethyl Anthraquinone [2914 69 90] for use in manufacture of Hydrogen Peroxide, is being reduced from 7.5% to 2.5%, subject to actual user condition.



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Further, the concessional 2.5% BCD on Anthraquinone [2914 61 00] prescribed in Budget 2015-16, is being restricted to Anthraquinone [2914 61 00] for use in manufacture of Hydrogen Peroxide, subject to actual user condition.

c) Basic Customs Duty on Purified Terephthalic Acid (PTA), Medium Quality Terephthalic Acid (MTA) and Qualified Terephthalic Acid (QTA), falling under tariff item 2917 36 00, is being rationalized at 5%.

17. Chapter 32

Basic Customs Duty on Wattle extract [3201 20 00] and Myrobalan fruit extract [3201 90 20] is being reduced from 7.5% to 2.5%.

18. Chapter 34

Basic Custom Duty on Vinyl Polyethylene Glycol falling under tariff item 3404 20 00 for use in manufacture of Poly Carboxylate Ether is being reduced from 10% to 7.5%, subject to actual user condition.

19. Chapter 38 & 39

a) Basic Custom Duty (BCD) is being reduced from 7.5% to 5% on Catalyst [3815 90 00] and Resin [3909 40 90] for use in the manufacture of cast components of Wind Operated

Electricity Generator [WOEG], subject to actual user condition.

b) SAD is being exempted on Catalyst [3815 90 00] and Resin [3909 40 90] for use in the manufacture of cast components of WOEG, subject to actual user condition. Exemption from SAD will be valid till 30th June, 2017.

20. Chapter 54

Basic Customs Duty on Nylon Monofilament yarn falling under Customs Tariff Item 5404 19 90 for use in Monofilament long line systems for tuna fishing is being reduced from 7.5% to 5%, subject to certain conditions.

21. Chapter 70

Basic Customs Duty (BCD) is being reduced from 5% to Nil on solar tempered glass or solar tempered (anti-reflective coated) glass for manufacture of Solar cells/panels/modules, subject to actual user condition.

22. Chapter 71

CVD exemption [under S.No.324 of notification No.12/2012-Customs, dated 17.03.2012] on silver medallions and coins having silver content not below 99.9%, other semi-manufactured forms of silver or

Customs

articles of silver is being withdrawn. Simultaneously, articles of silver are being excluded from the scope of CVD exemption.

23. Chapter 72

a) Basic Customs duty on Hot Rolled Coils falling under heading 7208 for use in the manufacture of welded tubes and pipes falling under heading 7305 or 7306 is being reduced from 12.5% to 10%, subject to actual user condition.

b) Basic Customs duty on Magnesium Oxide (MgO) coated cold rolled steel coils falling under tariff item 7225 19 90 for use in the manufacture of cold rolled grain oriented steel (CRGO) falling under 7225 11 00 is being reduced to 5%, subject to actual user condition.

c) Exemption from Basic Customs duty (BCD) on Co-polymer coated MS tape/ stainless steel tape for manufacture of telecommunication grade optical fibres or optical fibre cables is being withdrawn.

d) Simultaneously, 10% concessional BCD is being prescribed on Co-polymer coated MS tape/stainless steel tape for manufacture of telecommunication grade optical fibres or optical fibre cables, subject to actual user condition.

24. Chapter 75

Basic Customs duty on Nickel and articles thereof is being reduced from 2.5% to Nil. S. No.337 of Notification No. 12/2012-Customs dated 17th March, 2012 as amended by Notification No.6/2017-Customs, dated 2nd February, 2017 refers.

25. Chapter 84 & 85-

a) Basic Customs duty on Reverse Osmosis (RO) membrane element for household type filters falling under tariff item 8421 99 00 is being increased from 7.5% to 10%. Clause 109 (a) of Finance Bill, 2017 refers. However, all other goods falling under tariff item 8421 99 00 will, continue to attract BCD at 7.5%.

b) Concessional Basic Customs duty of 2.5% is being extended to Ball Screws [8483 40 00], Linear Motion Guides [8466 93 90] and CNC Systems [8537 10 00] for use in the manufacture of all types of CNC machine tools falling under headings 8456 to 8463, subject to actual user condition.

c) Populated PCBs of mobile phones are being excluded from the purview of Nil SAD under S. No. 1 of Notification No. 21/2012-Customs [which exempts SAD on items, which are exempt from BCD and CVD]. Simultaneously, 2% concessional SAD is being prescribed on populated PCBs

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for use in manufacture of mobile phones, subject to actual user condition. The concessional SAD will be valid till 30th June, 2017.

d) Basic Custom Duty (BCD), CVD (by way of excise duty exemption) and consequently SAD are being exempted on Micro ATMs as per standards version 1.5.1, fingerprint reader / scanner, and Iris Scanner. Further, BCD, CVD (by way of excise duty exemption) and consequently SAD are also being exempted on parts and components for manufacture of these devices, subject to actual user condition.

e) Basic Custom Duty (BCD), CVD (by way of excise duty exemption) and consequently SAD are being exempted on miniaturised POS card reader for POS (other than Mobile phone or Tablet Computer). Further BCD, CVD (by way of excise duty exemption) and consequently SAD are also being exempted on parts and components for manufacture of miniaturised POS card reader for POS [other than Mobile phone or Tablet Computer], subject to actual user condition.

26. Chapter 98

Goods imported through postal parcels, packets and letters, of CIF value not more than onethousand rupees per consignment are being exempted from BCD, CVD and consequently from SAD. S. No. 519 of Notification No. 12/2012-Customs

dated 17.03.2012 as amended by Notification No.6/2017-Customs dated 02.02.2017 refers.

27. Miscellaneous:

1) Condition No.40A [S.No.357A] of notification No.12/2012-Customs dated 17.03.2012 is being amended so as to allow the goods imported for petroleum or coal bed methane operations by availing of the benefit of the exemption, which are no longer required for the said purpose, to be disposed of on payment of applicable customs duties, on the depreciated value calculated as per straight line method (subject to depreciated value not being less than 30% of the original value) of such goods. Further, it is also clarified that this relaxation shall, mutatis mutandis, apply for domestically manufactured goods supplied against International Competitive Bidding at Nil excise duty under notification No.12/2012-Central Excise, dated 17.03.2012 [S.No.336, Condition No.41]. It is also clarified that goods allowed to be cleared on payment of duty under this provision include unused, surplus, condemned and obsolete items.

2) The exemption limit for duty free imports [exempted from BCD, CVD, and SAD] of Buckles; 'D' rings; eyes; rivets; studs; etc. imported by a manufacturer of leather footwear or synthetic footwear or other leather products for exports by that

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manufacturer is being increased from 3% of the FOB value of goods exported during the preceding financial year to 5% of the FOB value of goods exported during the preceding financial year.

3) 5% concessional basic custom duty (BCD) is being prescribed on all parts for use in the manufacture of LED lights or fixtures including LED Lamps, subject to actual user condition.

4) 5% concessional BCD is also being prescribed on imports of inputs for use in the manufacture of LED (Light Emitting Diode) driver or MCPCB (Metal Core Printed Circuit Board) for LED lights and fixtures or LED Lamps, subject to actual user condition.

5) Basic Customs Duty (BCD) is being reduced from 10%/7.5% to 5% on all items of machinery, including, instruments, apparatus and appliances, transmission equipment and auxiliary equipment (including

those required for testing and quality control) and components, required for initial setting up of fuel cell based system for generation of power or for demonstration purposes subject to certain conditions.

6) Basic Customs Duty (BCD) is being reduced from 10%/7.5% to 5% on all items of machinery, including, instruments, apparatus and appliances, transmission equipment and auxiliary equipment (including those required for testing and quality control) and components, required for balance of systems operating on biogas or bio-methane or byproduct hydrogen subject to certain conditions.

Disclaimer

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