

## INTRODUCTION

As we all know the newly appointed Finance Minister, Mrs. Nirmala Sitharaman, has presented her maiden budget for the year 2019-20 on 5<sup>th</sup> July 2019. She has become the second woman, after Mrs. Indira Gandhi, to do so.

During her budget speech, she apprised that our economy was at approximately US\$ 1.85 trillion, when the NDA Government was formed in the year 2014 and within 5 years, it has reached to US\$ 2.7 trillion.

The vision of the NDA Government is to reach the US\$ 5 trillion in the next few years. She also emphasized on the interim Budget of 2019-20 presented in February 2019, in which the NDA Government gave a vision for the Decade. In this regard, below 10 points were flagged and presented during the budget speech:

- ✓ Building physical and social infrastructure;
- ✓ Digital India reaching every sector of the economy;
- ✓ Pollution free India with green Mother Earth and Blue Skies;
- ✓ Make in India with particular emphasis on MSMEs, Start-ups, defence manufacturing,
- ✓ automobiles, electronics, fabs and batteries, and medical devices;
- ✓ Water, water management, clean rivers;
- ✓ Blue economy;
- ✓ Space programmes, Gaganyaan, Chandrayan and Satellite programmes;
- ✓ Self-sufficiency and export of food-grains, pulses, oilseeds, fruits and vegetables;
- ✓ Healthy society – Ayushman Bharat, well-nourished women & children. Safety of citizens;

- ✓ Team India with Jan Bhagidari. Minimum Government Maximum Governance

The maiden budget of Nirmala Sitharaman has many interesting features, but it does not have a defining central theme. There were expectations of a big growth push through either tax cuts or large expenditure programmes even if it meant a rise in the fiscal deficit.

This budget has also considered the need of a common man in many ways and therefore, some provisions have been inserted in the Income Tax Act, 1961. A common man will be entitled for additional interest deduction of INR 1.5 Lacs per year under a newly inserted provision (apart from existing 2 Lakhs) on home loans subject to specified conditions.

We all are aware that the landscape has changed significantly with implementation of GST. In the initial phase, there were certain teething problems, and these were natural considering the scale of the reform. In every sense, this has been a monumental reform wherein the Centre and States coming together and agreeing to pool in their sovereign power of taxation.

Though the GST Council largely drives the amendments under GST regime, however, the Hon'ble Finance Minister has announced several measures that would lead to simplification. Such changes have been captured in this snapshot for ease of understanding.

It is trite at this stage of journey of GST in our country to ponder over certain aspects of GST law, which may have a definitive bearing on achieving the 5 Trillion Dollar dream of this Government.

We all know that GST was introduced with so much expectation and fanfare. We had a belief that it will be made sensitive to the lives and context of the Indian populace. The most painful affect of GST on both the MSME Sector as well

as the established industries is the imposition on accrual basis. Every business has to shell out roughly 18% of its turnover even before recovering the same from its customers. The amount of such pre payment of GST is huge and adversely effects cash flows and working capital. Small taxpayers are facing the maximum brunt. I sincerely hope that the Indian GST experiment won't kill the industry and enterprise. Also genuine cases of default/delay have to be handled sensitively by the Department. Otherwise it will adversely effect business, employment and economic activity with a negative spiraling effect. If the economic activity is hindered the economy is in the danger of getting into depression. Measures should be taken such that the GST experiment doesn't go the Malaysian way. Stringent measures like arrest, freezing of accounts etc. should be taken only against real offenders and not those who have a good track record. A little longer rope is desirable for otherwise honest taxpayers.

With regard to delay in payment of taxes, a little time may be given to pay the delayed tax with maybe prohibitive interest and meanwhile protective show cause notices can be issued to protect government revenue. Therefore a little empathy on the part of the government and at the same time enormous integrity and honesty on the part of taxpayers will

definitely pave the way towards a 5 trillion dollar economy.

Similarly the government should relook at the definition of input services and artificial exclusions should be done away with to maintain the input credit flow, which is the bedrock of GST.

Further, the deemed exclusions from the concept of export of services (zero rating) should also be neutralized. If the exporter is in India, the importer is abroad and the payment is received in foreign exchange, that should be enough to hold it an export. This will create a lot of buoyancy in the foreign trade. Many provisions in the GST show the trust deficit between the government and the assesses. This has to be looked at afresh to make sure that the indirect tax receipts grow at a good rate and at the same time ensuring transparency and ease of doing business.

A dispute resolution cum amnesty scheme called "**the Sabka Vishwas Legacy Dispute Resolution Scheme, 2019**" has also been introduced for resolution and settlement of legacy cases of Central Excise and Service Tax (subsumed under the GST regime). It would be interesting to see how many tax payers are willing to adopt such scheme, especially in cases where the extended period of limitation has already expired or is about to expire.

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## GOODS AND SERVICES TAX ('GST')

### ***Amendments in the Central Goods & Services Tax Act, 2017 (hereinafter referred as "CGST Act") as per the Finance (No.2) Bill, 2019***

- ⇒ The definition of 'Adjudicating Authority' has been amended to now exclude from its ambit National Appellate Authority for Advance Ruling **[Clause 91]**
- ⇒ The provisions of Composition Levy are being amended and an alternate composition scheme has been introduced for such taxpayers, who were not entitled for the existing scheme. The annual turnover in the preceding financial year should not exceed Rs. 50 lakhs. **[Clause 92]**
- ⇒ An enabling provision has been introduced to provide for higher threshold exemption limit for GST Registration from Rs. 20 lakhs to Rs. 40 lakhs, for taxpayers exclusively engaged in supply of goods **[Clause 93]**
- ⇒ New provisions have been introduced under Section 25 making Aadhar authentication or other alternate viable means of identification mandatory and failure to comply will result in invalidation of registration **[Clause 94]**
- ⇒ Government to prescribe a class of recipients of supply of goods or services or both, who shall now be given certain mandatory prescribed modes of electronic payment **[Clause 95]**
- ⇒ Composition taxpayers to be allowed to furnish annual return along with quarterly payment of taxes; and other specified taxpayers may be given the option for quarterly or monthly furnishing of returns and payment of taxes under the proposed new return system **[Clause 96]**
- ⇒ Commissioner to be empowered to extend the due date for furnishing of Annual Return and reconciliation statement **[Clause 97]**
- ⇒ New provisions have been inserted under Section 49 *vide* which a facility has been provided to the registered person to transfer an amount from one (major or minor) head to another (major or minor) head in the electronic cash ledger **[Clause 98]**

- ⇒ Commissioner has also been empowered to extend the due date for furnishing Annual return and reconciliation statement and to extend the due date for furnishing monthly and annual statement by Electronic Commerce Operators **[Clause 100]**
- ⇒ New-proviso is being inserted in Section 50 so as to restrict interest levy only on that portion of tax that is remitted through the electronic cash ledger (net tax liability after set-off of ITC), where there is delay in filing of return and remittance of tax. However, this facility would not be extended to taxpayers who have paid the taxes upon initiation of proceeding to recover tax under Section 73 or Section 74 of CGST Act, by the tax authority **[Clause 99]**
- ⇒ New clause is being inserted to define the 'National Appellate Authority for Advance Ruling' ('NAAA') **[Clause 103]**
- ⇒ Formation of a NAAA under the GST law is proposed. Salient features are as follows **[Clause 104 to 109]**
  - it shall consist of three members chaired by the President, two technical members (one each from State and Central Authorities);
  - The NAAA, which is under constitution, is proposed to be excluded from the scope of the definition of the term 'Adjudicating authority', as defined under Section 2(4) ;
  - In case of difference of opinion amongst the members, the majority opinion would prevail;
  - An applicant or an officer (as authorized by Commissioner), who is aggrieved by conflicting advance rulings of two or more State level appellate authorities, in respect of the situations mentioned in Section 97(2), is eligible to approach NAAA;
  - Appeal shall be filed within 30 days from the date on which the ruling sought to be appealed against is communicated to the applicant. However, the time limit for the Department is 90 days, which can be further extended by another 30 days, if there is sufficient cause;
  - An order is binding on the applicant including his other offices under the same PAN, concerned officers and the jurisdictional officers;

- Order shall be passed within 90 days, in respect of the appeals filed before NAAA;
  - Rectification of any mistake apparent on record is permissible;
  - Empowered to hold the ruling as void, if there is fraud or suppression of material facts or misrepresentation; and
  - NAAA enjoys all the powers of a civil court and to regulate its own procedures
- ⇒ The Bill proposes to levy penalty of 10% of the profiteered amount not deposited within 30 days of the order of the Anti-profiteering Authority **[Clause 111]**
- ⇒ Retrospective exemption is proposed on “Uranium Ore Concentrate” from levy of CGST for the period 01 July 2017 to 14 November 2018 and no refund shall be made of the tax collected, if any **[Clause 112]**

***Amendments in the Integrated Goods & Services Tax Act, 2017 (hereinafter referred as “IGST Act”) as per the Finance (No.2) Bill, 2019***

- ⇒ A new Section 17A is being inserted in the IGST Act so as to bring into the Act, provisions for inter se transfer of amount between Centre and States consequential to amendment in Section 49 of the CGST Act allowing transfer of an amount from one head to another head in the electronic cash ledger of the registered person **[Clause 113]**
- ⇒ Retrospective exemption is proposed on “Uranium Ore Concentrate” from levy of IGST for the period 1<sup>st</sup> July 2017 to 14<sup>th</sup> November 2018 and no refund shall be made of the tax collected, if any **[Clause 114]**

## CUSTOMS

### ***Amendments in the Customs Act, 1962 (hereinafter referred as “Customs Act”) as per the Finance (No.2) Bill, 2019***

- ⇒ Any other person as specified by the Central Government in addition to the person in charge of the conveyance, may also deliver a departure or an export manifest to the proper officer **[Clause 69]**
- ⇒ The proper officer with the prior approval of the Deputy / Assistant Commissioner of Customs shall screen or scan such person where he has reason to believe that such person has any goods liable to be confiscated, secreted in his body and forward a report to the nearest magistrate **[Clause 71]**
- ⇒ Section 104 has been amended in order to enlarge its extra territorial ambit and power to arrest persons who have committed offence even outside India.
- ⇒ The ambit of cognizable offences has been widened by inserting two more offences, which are as under **[Clause 72]**:
  - a person fraudulently availing of or attempting to avail drawback, or any duty exemption, where the amount of drawback/exemption exceeds INR 50 Lakh; or
  - fraudulently obtaining instrument(s) / scrip(s) under the Customs Act / Foreign Trade (Development & Regulation) Act where the duty related to the such instrument(s) / scrip(s) exceeds INR 50 Lakh.
- ⇒ Offence relating to obtaining instrument(s) / scrip(s) under the Customs Act / Foreign Trade (Development & Regulation) Act by a fraudulent act, is now non-bailable **[Clause 72]**
- ⇒ The proper officer may give custody of seized goods when it is not practicable to remove, transport, store or take physical possession, to the following persons, subject to an undertaking furnished by such

person that he/she shall not remove, part with, or otherwise deal with the goods except with the previous permission of such officer. This is also applicable in case where a proper officer is unable to seize any of such goods **[Clause 73]:**

- Owner of the goods;
  - beneficial owner;
  - any other person holding himself out to be the importer;
  - any other person from whose custody goods are seized,
- ⇒ The proper officer with the approval of the Principal Commissioner of Customs or Commissioner of Customs, may provisionally attach the bank account for a period upto twelve months [six plus additional six] in order to protect the interest of revenue or prevent smuggling **[Clause 73]**
- ⇒ The adjudicating authority is empowered to release bank account provisionally attached under Section 110 to the account holder subject to certain conditions as may be imposed **[Clause 74]**
- ⇒ Penalty under Section 117 of the Customs Act (i.e. contraventions which are not expressly mentioned elsewhere in the Act) has been enhanced from current INR 1 Lakh to INR 4 Lakh **[Clause 76]**
- ⇒ No fine will be imposed in respect of cases deemed to be concluded in terms of Section 28 for goods, which are not prohibited or restricted **[Clause 77]**
- ⇒ Offence relating to obtaining instrument(s) / scrip(s) under the Customs Act / Foreign Trade (Development & Regulation) Act by a fraudulent act, where the duty related to utilization exceeds INR 50 Lakh, shall be punishable with imprisonment upto 7 years and with fine **[Clause 78]**
- ⇒ Section 149, is being amended so as to empower CBIC to make regulations specifying time, form, manner, restrictions and conditions for amendment of any document **[Clause 79]**
- ⇒ Section 157 is amended to allow authorities to stipulate regulations for authentication including its time limit, the manner and time limit

for furnishing alternative means of identification, the document or information to be furnished and the time limit, and manner of submission of such documents or information **[Clause 80]**

- ⇒ Penalty under Section 158 of Customs Act for violation of any provisions of Rules or Regulations made under Customs Act is increased from INR 50,000/- to INR 2 Lakh **[Clause 81]**
- ⇒ Retrospective exemption from levy of IGST and compensation cess on temporary importation of vehicles as per the Convention on the Temporary Importation of Private Road Vehicles for the period 1<sup>st</sup> July 2017 to 31<sup>st</sup> December 2018 **[Clause 84]**

### ***Newly inserted Sections in Customs Act***

- ⇒ A new Chapter XIIB titled “Verification of Identity and Compliance” is being inserted. Section 99B empowers proper officer, to seek verification of a person for ascertaining compliance with the provisions of the Customs Act or any other law for the time being in force, to protect the interest of revenue or prevent smuggling **[Clause 70]**
- ⇒ A new Section 114AB is inserted so as to provide that any person who has obtained any instrument by fraud, collusion, wilful misstatement or suppression of facts and such instrument has been utilized by such person or any other person for discharging duty, such person to whom the instrument was issued shall be liable for penalty not exceeding the face value of such instrument **[Clause 75]**

### ***Amendments in Customs Tariff Act, 1975 (hereinafter referred as “CTA”)***

- ⇒ Section 9 is being amended to provide for anti-circumvention measure by altering the description / name / composition of article or by importing such article in an unassembled or disassembled form or by changing the country of origin or export or in any other manner, in respect of countervailing duty **[Clause 85]**
- ⇒ Section 9C is being amended to provide for filing of an appeal before CESTAT, against an order of determination regarding existence,



degree and effect of increased volume of imports of any article requiring imposition of safeguard duty **[Clause 86]**

**CHANGES UNDER THE FIRST SCHEDULE TO THE CUSTOMS TARIFF ACT, 1975 WITH RESPECT TO BASIC CUSTOMS DUTY RATES PERTAINING TO THE FOLLOWING COMMODITIES [Effective from 6<sup>th</sup> July 2019]**

COMMODITIES	Rate (%)		
	From	↑↓	To
<b>Construction Materials</b>			
⇒ Floor covering of plastics, Wall or ceiling coverings of plastics	10%	↑	15%
⇒ Ceramic roofing tiles and ceramic flags and pavings, hearth or wall tiles	10%	↑	15%
⇒ Base metal fittings, mountings and similar articles suitable for furniture, doors, staircases, windows, blinds, hinges for automobiles	10%	↑	15%
<b>Precious Metals</b>			
⇒ Silver (including silver plated with gold or platinum) unwrought or in semi-manufactured forms, or in powdered form	10%	↑	12.5%
⇒ Base metals clad with silver, not further worked than semi-manufactured	10%	↑	12.5%
⇒ Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	10%	↑	12.5%

⇒ Base metals or silver, clad with gold, not further worked than semi- manufactured	10%	↑	12.5%
⇒ Platinum, unwrought or in semi- manufactured form, or in powder form	10%	↑	12.5%
⇒ Base metals, silver or gold, clad with platinum, not further worked than semi- manufactured	10%	↑	12.5%
⇒ Waste and scrap of precious metals or of metal clad with precious metals; other waste and scrap containing precious metal compounds, of a kind used principally for the recovery of precious metal	10%	↑	12.5%
<b><i>Electronics and Electrical equipment</i></b>			
⇒ Indoor and outdoor unit of split –system air conditioner	10%	↑	20%
⇒ Loudspeaker	10%	↑	15%
⇒ Digital Video Recorder (DVR) and Network Video Recorder (NVR)	15%	↑	20%
⇒ CCTV camera and IP camera	15%	↑	20%
⇒ Optical fibres, optical fibre bundles and cables	10%	↑	15%

**OTHER PROPOSED CHANGES IN BASIC CUSTOMS DUTY RATES AND CLARIFICATORY AMENDMENTS IN THE RESPECTIVE NOTIFICATIONS:**

COMMODITIES	Rate (%)		
	From	↑↓	To
<b><i>Defence</i></b>			
⇒ Specified Defence equipment and their parts imported by the Ministry of Defence or the Armed Forces	Applicable rate	↓	NIL
<b><i>Medical Devices</i></b>			
⇒ Raw material, parts or accessories for manufacture of artificial kidneys, disposable sterilized dialyzer and micro-barrier of artificial kidney	Applicable rate	↓	NIL
<b><i>Food processing</i></b>			
⇒ Cashew kernel broken	Rs 60/ Kg or 45%, whichever is higher	↑	70%
⇒ Cashew kernel whole, Cashew nuts shelled, others	Rs. 75/ kg or 45%, whichever is higher	↑	70%
<b><i>Nuclear Fuels and Nuclear Energy projects</i></b>			
⇒ All forms of Uranium ores and Concentrates for generation of nuclear power (Uranium concentrate U3O8 already exempt)	2.5%	↓	NIL

⇒ All goods for use in generation of Nuclear power (Certain goods such as sintered natural uranium dioxide already exempt)	7.5%	↓	NIL
⇒ All goods required for setting up of the following power projects under project imports: - a) Mahi Banswara Atomic Power project- 1 to 4, Mahi Banswara site Rajasthan b) Kaiga Atomic Power project – 5 & 6, Kaiga site, Karnataka c) Gorakhpur Atomic Power project- 3 & 4, GHAVP, Haryana d) Chutka Atomic Power project- 1 & 2, Chutka site, Madhya Pradesh	Applicable rate	↓	NIL
<b><i>Oils and Associated Chemicals</i></b>			
⇒ Palm stearin and other oils, having 20% or more free fatty acid, Palm Fatty Acid Distillate and other industrial monocarboxylic fatty acids, acid oils from refining, for use in manufacture of soap and oleochemicals	NIL	↑	7.5%
<b><i>Petroleum and Petrochemicals</i></b>			
⇒ Petroleum Crude	NIL	↑	Re. 1 per tonne
⇒ Naphtha	5%	↓	4 %
⇒ Ethylene dichloride (EDC)	2%	↓	NIL
⇒ Methyloxirane (Propylene Oxide)	7.5%	↓	5%

<b><i>Plastic and Rubber</i></b>			
⇒ Poly Vinyl Chloride	7.5%	↑	10%
⇒ Articles of plastics	10%	↑	15%
⇒ All goods i.e. Butyl Rubber	5%	↑	10%
⇒ Chlorobutyl rubber or bromobutyl rubber	5%	↑	10%
<b><i>Paper and Paper products</i></b>			
⇒ Newsprint ⇒ Uncoated paper used for printing of newspapers ⇒ Lightweight coated paper used for printing of magazines	NIL	↑	10%
⇒ Printed books (including covers for printed books) and printed manuals, in bound form or in loose-leaf form with binder, executed on paper or any other material including transparencies	NIL	↑	5%
<b><i>Textiles</i></b>			
⇒ Wool Fibre	5%	↓	2.5%
⇒ Wool Tops	5%	↓	2.5%
<b><i>Flooring materials</i></b>			
⇒ Marble Slabs	20%	↑	40%

<b>Inputs for Optical Fibres</b>			
⇒ Raw materials used in manufacture of Preform of Silica:- (i) Refrigerated Helium Liquid (2804 29 10) (ii) Silicon Tetra Chloride and Germanium Tetra Chloride (2812 19 20, 2812) (iii) Silica Rods (7002 20 90) (iv) Silica Tube (7002 31 00)	Applicable Rate	↓	NIL
⇒ Water blocking tapes for manufacture of optical fiber cable	NIL	↑	20%
<b>Precious Metals</b>			
⇒ Silver dore bar, having silver content not exceeding 95%	8.5%	↑	11%
⇒ Gold dore bar, having gold content not exceeding 95%	9.35%	↑	11.85%
⇒ Gold (excluding ornaments studded with stones or pearls) imported by an eligible passenger as baggage ⇒ Silver (excluding ornaments studded with stones or pearls) imported by an eligible passenger as baggage	10%	↑	12.5%
<b>Iron and Steel, Other base metals</b>			
⇒ Stainless steel in ingots or other primary forms; semi-finished products of stainless steel	5%	↑	7.5%
⇒ Other alloy steel in ingots or other primary forms; semi-finished products of other alloy steel	5%	↑	7.5%

⇒ Inputs for the manufacture of CRGO steel:- a) MgO coated cold rolled steel coils b) Hot rolled coils c) Cold-rolled MgO coated and annealed steel d) Hot rolled annealed and pickled coils e) Cold rolled full hard	5%	↓	2.5%
⇒ Amorphous alloy ribbon	10%	↓	5%
⇒ Wire of other alloy steel (other than INVAR)	5%	↑	7.5%
⇒ Cobalt mattes and other intermediate products of cobalt metallurgy	5%	↓	2.5%
<b>Capital goods</b>			
⇒ Stone crushing (cone type) plants for the construction of roads	NIL	↑	7.5%
⇒ Capital goods used for manufacturing of following electronic items, namely- (i) Populated PCBA (ii) Camera module of cellular mobile phones (iii) Charger/Adapter of cellular mobile phone (iv) Lithium Ion Cell (v) Display Module (vi) Set Top Box (vii) Compact Camera Module	Applicable rate	↓	NIL
⇒ Capital goods used for manufacturing of specified electronic items, namely- (i) Cathode Ray tubes; (ii) CD/CD-R/DVD/DVD-R; (iii) Deflection components, CRT monitors/CTVs;	NIL	↑	Applicable rate

(iv) Plasma Display Panel			
<b><i>Electronics</i></b>			
⇒ Charger/Power adapter for CCTV camera/IP camera/DVR/NVR	NIL	↑	15%
⇒ Specified electronic items like plugs, sockets, switches, connectors, relays	NIL	↑	Applicable rate
<b><i>Automobile and automobile parts</i></b>			
⇒ Catalytic convertor (All goods under these tariff items other than catalytic converters will continue at 7.5%)	5%	↑	10%
⇒ Completely Built Unit (CBU) of vehicles falling under heading 8702, 8704	25%	↑	30%
⇒ Following parts of electric vehicles: - (i) E-Drive assembly (ii) On board charger (iii) E-compressor and (iv) Charging Gun	Applicable rate	↓	NIL
⇒ Prescribing actual user condition in respect of existing exemption from BCD to parts of Hybrid vehicles	—	—	—
⇒ Friction material and articles thereof (for example, sheets, rolls, strips, segments, discs, washers, pads), not mounted, for brakes, for clutches or the like, with a basis of asbestos, of other mineral substances or of cellulose, whether or not combined with textile or other materials	10%	↑	15%
⇒ Glass mirrors, whether or not framed, including rear-view mirrors	10%	↑	15%



⇒ Locks of a kind used in motor vehicles	10%	↑	15%
⇒ Oil or petrol filters for internal combustion engines	7.5%	↑	10%
⇒ Intake air-filters for internal combustion engines	7.5%	↑	10%
⇒ Air purifiers or cleaners and other filtering or purifying machinery and apparatus for gases	7.5%	↑	10%
⇒ Lighting or visual signaling equipment of a kind used in bicycles or motor vehicles	10%	↑	15%
⇒ Other visual or sound signalling equipment for bicycles or motor vehicles	7.5%	↑	15%
⇒ Horns for vehicles	10%	↑	15%
⇒ Parts of visual or sound signalling equipment for bicycles or motor vehicles	7.5%	↑	10%
⇒ Windscreen wipers, defrosters and demisters, Sealed beam lamp units and other lamps for automobiles	10%	↑	15%
⇒ Chassis fitted with engines, for the motor vehicles of headings 8701 to 8705	10%	↑	15%
⇒ Bodies (including cabs), for the motor vehicles of headings 8701 to 8705	10%	↑	15%
<b><i>Oil rigs and other goods used for oil exploration</i></b>			
⇒ Providing option to pay BCD at transaction value on the disposal of goods, imported without payment of	Applicable rate on depreciated value	↑	7.5% on trans

customs duty for petroleum operations / coal bed Methane operations where such disposal is made in unserviceable and mutilated condition			action value
<b><i>Export Promotion for Sports goods</i></b>			
⇒ Foam/EVA foam (39) and Pine Wood (4407) are being included in the list of items allowed duty free import upto 3% of FOB value of sports goods exported in the preceding financial year subject to specified conditions	Applicable rate	↓	NIL

### **CHANGE IN RATES OF EXPORT DUTY**

COMMODITIES	Rate (%)		
	From	↑↓	To
⇒ EI tanned Leather	15%	↓	Nil
⇒ Hides, skins and leathers, tanned and untanned, all sorts	60%	↓	40%

### **SOME OTHER CHANGES**

- ⇒ *Vide* Notification No: 18/2019-Customs dated 06.07. 2019, Road and infrastructure cess on petrol and diesel has been increased to INR 9 per litre

- ⇒ Specified defence equipment imported by Ministry of Defence, Government of India or the defence forces are exempted from BCD subject to some conditions

### EXCISE

**AMENDMENTS IN THE FOURTH SCHEDULE<sup>1</sup> TO THE CENTRAL EXCISE ACT, 1944 WITH RESPECT TO BASIC EXCISE DUTY [Effective from 6<sup>th</sup> July 2019]: -**

COMMODITIES	RATE OF DUTY / INR		
	From	↑↓	To
<b>Petroleum</b>			
⇒ Petroleum Crude	NIL	↑	INR 1 per tonne
⇒ Crude Petroleum oil produced in specified oil fields under production sharing contracts or in the exploration blocks offered under the New Exploration Licensing Policy (NELP) through international competitive bidding [Notification No. 06 / 2019 - Central Excise dated 6 <sup>th</sup> July 2019] <sup>2</sup>	INR 1 per tonne	↓	NIL
<b>Cigarettes and related products</b> [Notification No. 03 / 2019 – Central Excise dated 6 <sup>th</sup> July 2019]			
⇒ Unmanufactured tobacco Other than filter cigarettes, of length not exceeding 65 millimeters	NIL	↑	INR 5 per thousand
⇒ Other than filter cigarettes, of length exceeding 65 millimeters but not exceeding 70 millimeters	NIL	↑	INR 5 per thousand

<sup>1</sup> Duties in the Fourth Schedule are in addition to those under First Schedule

<sup>2</sup> Name of the fields under Product Sharing Contracts are mentioned in the Notification

⇒ Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) not exceeding 65 millimeters	NIL	↑	INR 5 per thousand
⇒ Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) exceeding 65 millimeters but not exceeding 70 millimeters	NIL	↑	INR 5 per thousand
⇒ Filter cigarettes of length (including the length of the filter, the length of filter being 11 millimeters or its actual length, whichever is more) exceeding 70 millimeters but not exceeding 75 millimeters	NIL	↑	INR 5 per thousand
⇒ Other (Cigarettes containing tobacco)	NIL	↑	INR 10 per thousand
⇒ Cigarettes of tobacco substitutes	NIL	↑	INR 5 per thousand
⇒ Hookah or gudaku tobacco	NIL	↑	0.5%
⇒ Smoking mixtures for pipes and cigarettes	NIL	↑	1%
⇒ Other than paper rolled biris, manufactured without the aid of machine	NIL	↑	5 paisa per thousand
⇒ Other (Biris)	NIL	↑	10 paisa per thousand
⇒ Other smoking tobacco	NIL	↑	0.5%

⇒ “Homogenised” or “reconstituted” tobacco	NIL	↑	0.5%
⇒ Chewing tobacco	NIL	↑	0.5%
⇒ Preparations containing chewing tobacco	NIL	↑	0.5%
⇒ Jarda scented tobacco	NIL	↑	0.5%
⇒ Snuff	NIL	↑	0.5%
⇒ Preparations containing snuff	NIL	↑	0.5%
⇒ Tobacco extracts and essence	NIL	↑	0.5%
⇒ Other (manufactured tobacco and substitutes)	NIL	↑	0.5%

### CHANGE IN RATE OF SPECIAL ADDITIONAL EXCISE DUTY AND ROAD AND INFRASTRUCTURE CESS ON PETROL AND DIESEL

[Effective from 6<sup>th</sup> July 2019 as per the provisions of Provisional Collection of Taxes Act, 1931]: -

COMMODITIES	RATE INR PER LITRE		
	From	↑↓	To
<b><i>Increase in rate of Special Additional Excise Duty (introduced vide Eighth Schedule to the Finance Act, 2002) on Petrol and Diesel</i></b>			
⇒ Motor spirit commonly known as petrol	INR 7 per litre	↑	INR 10 per Litre (however

			effective rate <sup>3</sup> is INR 8 per litre)
⇒ High speed diesel oil	INR 1 per litre	↑	INR 4 per Litre (however effective rate <sup>4</sup> is INR 2 per litre)
<b><i>Increase in rate of Road and Infrastructure Cess (introduced vide Sixth Schedule to the Finance Act, 2018) levied as additional duty of excise, on Petrol and Diesel</i></b>			
⇒ Motor spirit commonly known as petrol	INR 8 per litre	↑	INR 10 per Litre (however effective rate <sup>5</sup> is INR 9 per Litre)
⇒ High speed diesel oil	INR 8 per litre	↑	INR 10 per Litre (however effective rate <sup>6</sup> is INR 9 per Litre)

<sup>3</sup> Please refer to Notification No. 05 / 2019 – Central Excise dated 6<sup>th</sup> July 2019

<sup>4</sup> Please refer to Notification No. 05 / 2019 – Central Excise dated 6<sup>th</sup> July 2019

<sup>5</sup> Please refer to Notification No. 04 / 2019 – Central Excise dated 6<sup>th</sup> July 2019

<sup>6</sup> Please refer to Notification No. 05 / 2019 – Central Excise dated 6<sup>th</sup> July 2019

## SERVICE TAX

### *Amendments in the Services Tax law as per the Finance (No.2) Bill, 2019*

#### **Retrospective Amendments**

- ⇒ No Service Tax on service provided by way of grant of liquor licence, against consideration in the form of licence fee or application fee or by whatever name it is called (for the period 1<sup>st</sup> April 2016 to 30<sup>th</sup> June 2017) **[Clause 116]**
- ⇒ No Service Tax on service provided by the IIM's to students as per guidelines of the Central Government for two-year full time post graduate programmes in Management, fellow programme in management and 5-year integrated programme in management, excluding Executive Development Programme (for the period 1<sup>st</sup> July 2003 to 31<sup>st</sup> March 2016) **[Clause 117]**
- ⇒ No Service Tax on long-term lease of 30 years or more in respect of plot allotted for development of infrastructure for financial business (for the period commencing from the 1<sup>st</sup> October, 2013 to 30<sup>th</sup> June, 2017) **[Clause 118]**
- ⇒ Refund applications to be filed in respect of the taxes paid in the past for the above services, within 6 months from the date the Finance Bill 2019 receives the assent of the President of India



## SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME, 2019

A dispute resolution cum amnesty scheme called the Sabka Vishwas Legacy Dispute Resolution Scheme (**‘the Scheme’**) is being introduced for resolution and settlement of legacy cases of Central Excise and Service Tax **[Clause 119 to 134]**

### ***Applicability***

- Arrears arising out of an-
  - ✓ Order;
  - ✓ show cause notice;
  - ✓ enquiry / investigation / audit,
  - ✓ voluntary disclosure by the declarant (unless otherwise specified); and
  - ✓ admitted tax not paid, etc.

under central taxation legislations<sup>7</sup>, which are pending as on 30 June 2019 would be settled

### ***Relief available under the Scheme [Clause 123]***

- The relief varies from 40 to 70 percent of the tax amount (percentage varies depending on arrears below or over Rs. 50 lakhs)
- If the arrears are in the nature of late fee / penalty, it is entirely waived, provided there are no tax dues
- Amount already paid/pre-deposited shall be reduced from the amount payable under the Scheme; excess payment, however, cannot be claimed as refund

### ***Persons not eligible for the Scheme [Clause 124]***

- Whose appeal has been heard finally on or before 30 June 2019

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<sup>7</sup> Please refer to Clause 121 of the Finance Bill

- Who have been convicted for any punishable offence under indirect tax law
- Whose hearing in respect of show cause notices has been completed on or before 30 June 2019
- Who have been issued show cause notice for erroneous refund or refund
- Where the audit/enquiry/investigation took place, but amount has not been quantified on or before 30 June 2019
- A person making voluntary disclosure under certain circumstances where the person is subjected to any enquiry/investigation/audit, where return filed indicates tax as “payable”, however not paid etc
- A person who has filed an application before Settlement Commission

***Declaration under the Scheme and verification by Designated Committee [Clause 124 and 126] and issuance of Statement***

- A declaration needs to be filed before a designated Committee by the taxpayer
- The Designated Committee shall issue a statement, indicating the amount payable by the declarant, within a period of sixty days from the date of receipt of the said declaration provided the payable amount calculated by the designated committee is equivalent to the amount declared by the applicant
- The Committee is required to respond within 30 days if it accepts the amount declared, otherwise response can be given within 60 days
- Where the estimated amounts calculated by the applicant and the designated authority do not tally, the authority will issue its estimate of the amount payable within thirty days
- In case the amounts do not tally, an opportunity of personal hearing is mandatory before issuing the statement

- In case the matter is pending before High Court/ Apex Court, the petition/appeal needs to be withdrawn; any appeal filed before other authorities shall be deemed to be withdrawn when the taxpayer opts for the Scheme

### ***Payments by the persons availing the Scheme***

- The payment needs to be made within 30 days of the acceptance of the declaration by such Committee
- After the payment of the agreed dues, the committee will issue a discharge certificate. Further, proceeding cannot be initiated by the tax authorities

### ***Restrictions under the Scheme [Clause 129]***

- The payment of agreed dues under this Scheme cannot be paid using input tax credit nor the same would be available as ITC in the hands of the declarant or the recipient of goods or services
- Amounts paid under the Scheme cannot be claimed as refund

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## DISCLAIMER

The current document is a private document for the benefit of our clients. Please note that this is only a summary of the budget changes in respect of Indirect Taxes. It is advisable to seek specific legal opinion on any particular provision or changes from experts.

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