

## Budget Highlights- Indirect taxes

### Customs and Excise

#### Reduction in number of levies:

Education Cess and Secondary & Higher Education Cess leviable on excisable goods are being subsumed in Basic Excise duty

Consequently, Education Cess and Secondary & Higher Education Cess leviable on excisable goods are being fully exempted.

**The standard ad valorem rate of Basic Excise Duty is being increased from 12% to 12.5%**

Customs Education Cesses will continue to be levied on imported goods.

#### Compliance Facilitation:

- Online Central Excise/Service Tax Registration within two working days.
- Time limit for taking CENVAT Credit on inputs and input services is being increased from six months to one year.
- Central Excise/Service Tax assesseees are being allowed to issue digitally signed invoices and maintain other records electronically.
- Waiver of penalty if duty and interest is paid within 30 days of the receipt of notice and 15% penalty if paid after 30 days.
- Section 11AC penalty without Mens Rea shall be maximum 10% only

### Clean Energy Cess

- The Scheduled rate of Clean Energy Cess levied on coal, lignite and peat is being increased from Rs 100 per tonne to Rs300 per tonne. The effective rate of Clean Energy Cess is being increased from `100 per tonne to Rs200 per tonne.

### Service Tax

Rate increased from 12.36% to 14% with the cess subsumed in the rate.

- consideration
- Betting, Gambling and Lottery

### Exemptions withdrawn/restricted to

- Exemption presently available on specified services to the Government are restricted further
- Exemption to construction, erection, commissioning or installation of original works pertaining to an airport or port is withdrawn
- Exemption to services provided by a performing artist in folk or classical art form of music, or dance, or theatre is limited only to such cases where amount charged is up to Rs 1,00,000 for a performance
- Exemption to transportation of food stuff by rail, or vessels or road is limited to food grains including rice and pulses, flour, milk and salt
- Transportation of agricultural produce is separately exempt, and this exemption would continue
- Sec 65B (23A) Chit Foreman commission is to get covered by the definition for 'Service' [hereafter this cannot be Transaction in Money /Actionable Claim]
- Reimbursements are taxable
- Lottery dealer/agents commission is taxable

#### **New Exemptions:**

- Service provided by way of exhibition of movie by the exhibitor (theatre owner) to the distributor or association of persons consisting of such exhibitor as one of its members
- Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables
- Service provided by a Common Effluent Treatment Plant operator for treatment of effluent
- Admission to a museum, zoo, national park, wild life sanctuary, tiger reserve
- Life insurance service provided by way of Varishtha Pension Bima Yojna
- Ambulance services
- Goods Transport Agency concept is now extended to Land Customs Station

#### **Other Amendments**

- Differential amounts of Penalty for normal and Fraud or collusion cases introduced

- Manpower supply and security services when provided by an individual, HUF or partnership firm to a body corporate are to be considered under full reverse charge
- Reverse charge basis to be adopted by AMC for services mutual fund agents, mutual fund distributors and agents of lottery distributor

#### **Abatements**

- Uniform rate of 30% on services by Rail, GTA Road and Vessel
- 60% on services by way of Air transport of passengers by Business Class