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Dear Reader,

We are delighted to present to you our annual feature on the year's Budget. The Budget 2013 - Highlights presents in a concise form an overview and analysis of the amended provisions.

We hope that you find it useful.

Thanking you,

Yours faithfully,

A.K. Nair & Co.
Chartered Accountants

CONTENTS

SECTION A: OVERVIEW (DIRECT & INDIRECT TAX)	1
SECTION B: DIRECT TAXES	5
SECTION C: INDIRECT TAXES	14

Direct Taxes

- No revision in income tax slabs or the rates of Personal Income Tax.
- Relief for Tax Payers in the first bracket of Rs.2 lakhs to Rs. 5 lakhs. A tax credit of Rs. 2000 to every person with total income upto Rs.5 lakhs.
- Surcharge of 10 percent on persons (other than companies) whose taxable income exceed Rs. 1 crore.
- Surcharge increased from 5 to 10 percent on domestic companies whose taxable income exceed Rs. 10 crore.
- In case of foreign companies who pay a higher rate of corporate tax, surcharge to increase from 2 to 5 percent, if the taxable income exceeds Rs. 10 crore.
- Surcharge on dividend distribution tax or tax on distributed income, increased from 5 to 10 percent.
- Additional surcharges are stated to be in force for only one year. Education cess to continue at 3 percent.
- Permissible premium rate increased from 10 percent to 15 percent of the sum assured by relaxing eligibility conditions of life insurance policies for persons suffering from disability and certain ailments.
- Contributions made to schemes of Central and State Governments similar to Central Government Health Scheme, eligible for section 80D of the Income tax Act.
- Donations made to National Children Fund eligible for 100 percent deduction.

- Investment allowance at the rate of 15 percent to manufacturing companies that invest more than Rs. 100 crore in plant and machinery during the period 1.4.2013 to 31.3.2015.
- 'Eligible date' for projects in the power sector to avail benefit under Section 80-IA extended from 31.3.2013 to 31.3.2014.
- Concessional rate of tax of 15 percent on dividend received by an Indian company from its foreign subsidiary proposed to continue for one more year.
- Securitization Trust to be exempted from Income Tax. Tax to be levied at specified rates only at the time of distribution of income for companies, individual or HUF etc. No further tax on income received by investors from the Trust.
- Investor Protection Fund of depositories exempt from Income-tax in some cases.

  Parity in taxation between IDF-Mutual Fund and IDF-NBFC.
- A Category I AIF set up as Venture capital fund allowed pass through status under Income-tax Act.
- TDS at the rate of 1 percent on the value of the transfer of immovable properties where consideration exceeds Rs. 50 lakhs. Agricultural land to be exempted.
- Withholding tax at the rate of 20 percent on profits distributed by unlisted companies to shareholders through buyback of shares.
- Proposal to increase the rate of tax on payments by way of royalty and fees for technical services to non-residents from 10 percent to 25 percent.
- Reductions made in rates of Securities Transaction Tax in respect of certain transaction.
- Proposal to introduce Commodity Transaction Tax (CTT) in a limited way. Agricultural commodities will be exempted.
- Modified provisions of GAAR will come into effect from 1.4.2016.
- Rules on Safe Harbour will be issued after examining the reports of the Rangachary Committee appointed to look into tax matters relating to Development Centres & IT Sector and Safe Harbour rules for a number of sectors.
- Fifth large tax payer unit to opened at Kolkata shortly.
- A number of administrative measures such as extension of refund banker system to refund more than Rs. 50,000, technology based processing, extension of e-payment through more banks and expansion in the scope of annual information returns by Income-tax Department.

Indirect Taxes

- No change in the normal rates of 12 percent for excise duty and service tax.
- No change in the peak rate of basic customs duty of 10 perent for non-agricultural products.

Customs

- Period of concession available for specified part of electric and hybrid vehicles extended upto 31 March 2015.
- Duty on specified machinery for manufacture of leather and leather goods including footwear reduced from 7.5 to 5 percent.
- Duty on pre-forms precious and semi-precious stones reduced from 10 to 2 perent. Export duty on de-oiled rice bran oil cake withdrawn.
- Duty of 10 percent on export of unprocessed ilmenite and 5 percent on export on ungraded ilmenite.
- Concessions to aircraft maintenance, repair and overhaul (MRO) industry. Duty on Set Top Boxes increased from 5 to10 percent.
- Duty on raw silk increased from 5 to 15 percent.
- Duties on Steam Coal and Bituminous Coal equalised and 2 percent custom duty and 2 percent CVD levied on both kinds coal.
- Duty on imported luxury goods such as high end motor vehicles, motor cycles, yachts and similar vessels increased.
- Duty free gold limit increased to Rs. 50,000 in case of male passenger and Rs.1,00,000 in case of a female passenger subject to conditions.

Excise duty

- Relief to readymade garment industry. In case of cotton, zero excise duty at fibre stage also. In case of spun yarn made of man made fibre, duty of 12 percent at the fibre stage.
- Handmade carpets and textile floor coverings of coir and jute totally exempted from excise duty.
- To provide relief to ship building industry, ships and vessels exempted from excise duty. No CVD on imported ships and vessels.
- Specific excise duty on cigarettes increased by about 18 percent. Similar increase on cigars, cheroots and cigarillos.

- Excise duty on SUVs increased from 27 to 30 percent. Not applicable for SUVs registered as taxies.
- Excise duty on marble increased from Rs.30 per square meter to Rs. 60 per square meter.
- Proposals to levy 4 percent excise duty on silver manufactured from smelting zinc or lead.
- Duty on mobile phones priced at more than Rs.2000 raised to 6 percent.
- MRP based assessment in respect of branded medicaments of Ayurveda, Unani, Siddha, Homeopathy and bio-chemic systems of medicine to reduce valuation disputes.

Service Tax

- Maintain stability in tax regime.
- Vocational courses offered by institutes affiliated to the State Council of Vocational Training and testing activities in relation to agricultural produce also included in the negative list for service tax.
- Exemption of Service Tax on copyright on cinematography limited to films exhibited in cinema halls.
- Proposals to levy Service Tax on all air conditioned restaurants.
- For homes and flats with a carpet area of 2,000 sq.ft. or more or of a value of **Rs.**1 crore or more, which are high-end constructions, where the component of services is greater, rate of abatement reduced from from 75 to 70 percent.
- Out of nearly 17 lakh registered assesses under Service Tax only 7 lakhs file returns regularly. Need to motivate them to file returns and pay tax dues. A onetime scheme called **'Voluntary Compliance Encouragement Scheme'** proposed to be introduced. Defaulter may avail of the scheme on condition that he files truthful declaration of Service Tax dues since 1st October 2007.

Good and Services Tax

- A sum of **Rs.** 9,000 crore towards the first instalment of the balance of CST compensation provided in the budget.
- Work on draft GST Constitutional amendment bill and GST law expected to be taken forward

SECTION B - DIRECT TAXES

The proposed amendments unless otherwise stated will be applicable with effect from the 1st day of April, 2013 and will accordingly apply in relation to assessment year 2014-15 and subsequent years.

RATES AND SURCHARGES

Tax rates:

- No change in slabs and rate for personal income tax.
- Tax credit of Rs.2,000 to be provided to every person having income up to Rs.5 Lakh.
- No change in the rate of tax leviable on domestic companies and foreign companies.

Increase in Surcharge :(only for one year)

- The surcharge in cases of every person (Individual, HUF, Co-operative societies, Firms, Local authority) having income above Rs.1 Crore will be increased from 0% to @ 10%. Marginal relief will be provided.
- No change in surcharge in cases of domestic Company having income above Rs.1 Crore but up to Rs.10 Crore (i.e. 5%) Marginal relief will be provided.
- The surcharge in cases of domestic Company having income above Rs.10 Crore increased from 5% to 10%. Marginal relief will be provided.
- Decrease in surcharge in cases of foreign Company having income above Rs.1 Crore but up to Rs.10 Crore from 2.5% to 2%. Marginal relief will be provided.
- Increase in surcharge in cases of foreign Company having income above Rs.10 Crore from 2.5% to 5%. Marginal relief will be provided.

No change in Education Cess and Secondary higher Education Cess.

No change in Alternative Minimum Tax on all persons.

TAX DEDUCTION AT SOURCE/TAX COLLECTED AT SOURCE

- TDS @ 1% on the value of transfer of immoveable property where the consideration exceeds Rs.50 Lakh; however agriculture land is exempted from the same.

Proposal to introduce Commodity Transaction Tax (CTT)

- Commodity transaction tax levied on non agriculture commodities futures contracts @ 0.01%. an amount equal to commodity transaction tax paid by assessee in respect of taxable commodity transaction entered in the course will be allowed as deduction, if the income arising from such commodities transaction is included in the income computed under the head Profits and Gains from Business or Profession.

Securities transaction tax

- STT reduced to 0.1% .

Dividend distribution tax

- Dividend distribution tax or tax on distributed income, surcharge increased from 5% to 10%.

Amendment in Section 10

In section 10 of the Income-tax Act,—

- in clause (10D), with effect from the 1st day of April, 2014,—
- in sub-clause (d), after the second proviso, the following proviso shall be inserted, namely:—

'Provided also that where the policy, issued on or after the 1st day of April, 2013, is for insurance on life of any person, who is—

- a person with disability or a person with severe disability as referred to in section 80U; or
- suffering from disease or ailment as specified in the rules made under section 80DDB, the provisions of this sub-clause shall have effect as if for the words "ten per cent.", the words "fifteen per cent." had been substituted.';
- in Explanation 1, after the words "business of the first-mentioned person" occurring at the end, the words "and includes such policy which has been assigned to a person, at any time during the term of the policy, with or without any consideration" shall be inserted.

Amendment in Section 56

In section 56 of the Income-tax Act, in sub-section (2),—

- in clause (vii), for sub-clause (b), the following sub-clause shall be substituted with effect from the 1st day of April, 2014, namely:—

- any immovable property,—
- without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property;
- for a consideration which is less than the stamp duty value of the property by an amount exceeding fifty thousand rupees, the stamp duty value of such property as exceeds such consideration:
  - Provided that where the date of the agreement fixing the amount of consideration for the transfer of immovable property and the date of registration are not the same, the stamp duty value on the date of the agreement may be taken for the purposes of this sub-clause:
  - Provided further that the said proviso shall apply only in a case where the amount of consideration referred to therein, or a part thereof, has been paid by any mode other than cash on or before the date of the agreement for the transfer of such immovable property;";
- in clause (viib), in the Explanation, in clause (b), for the word and figure "Explanation 1", the word "Explanation" shall be substituted.

Special provisions relating to tax on distributed income of domestic company for Buy-Back of shares

- 115QA.(1) Notwithstanding anything contained in any other provision of this Act, in addition to the income-tax chargeable in respect of the total income of a domestic company for any assessment Year, any amount of distributed income by the company on buy-back of shares (not being shares listed on a recognised stock exchange) from a shareholder shall be charged to tax and such company shall be liable to pay additional income-tax at the rate of twenty per cent. on the distributed income.

  Explanation.—For the purposes of this section,—

  - "buy-back" means purchase by a company of its own shares in accordance with the provisions of section 77A of the Companies Act, 1956;

  - "distributed income" means the consideration paid by the company on buy-back of shares as reduced by the amount which was received by the company for issue of such shares.
- Notwithstanding that no income-tax is payable by a domestic company on its total income computed in accordance with the provisions of this Act, the tax on the distributed income under sub-section (1) shall be payable by such company.

- The principal officer of the domestic company and the company shall be liable to pay the tax to the credit of the Central Government within fourteen days from the date of payment of any consideration to the shareholder on buy-back of shares referred to in sub-section (1).
- The tax on the distributed income by the company shall be treated as the final payment of tax in respect of the said income and no further credit there for shall be claimed by the company or by
- any other person in respect of the amount of tax so paid.
- No deduction under any other provision of this Act shall be allowed to the company or a shareholder in respect of the income which has been charged to tax under sub-section (1) or the tax thereon.

Interest payable for Nonpayment of tax on distributed income by company

- 115QB. Where the principal officer of the domestic company and the company fails to pay the whole or any part of the tax on the distributed income referred to in sub-section (1) of section 115QA, within the time allowed under sub-section (3) of that section, he or it shall be liable to pay simple interest at the rate of one per cent. for every month or part thereof on the amount of such tax for the period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.

Circumstances under which company is deemed to be assessee in default

- 115QC. If any principal officer of a domestic company and the company does not pay tax on distributed income in accordance with the provisions of section 115QA, then, he or it shall be deemed to be an assessee in default in respect of the amount of tax payable by him or it and all the provisions of this Act for the collection and recovery of income-tax shall apply.

Increase in rate of tax on payment by way of royalty and fee for technical services to non resident

- In section 115A of the Income-tax Act, in sub-section (1), in clause (b), for sub-clauses (A), (AA),(B) and (BB), the following sub-clauses shall be substituted with effect from the 1st day of April, 2014,namely:—
  - the amount of income-tax calculated on the income by way of royalty, if any, included in the total income, at the rate of twenty-five per cent.;
  - The amount of income-tax calculated on the income by way of fees for technical services, if any, included in the total income, at the rate of twenty-five per cent.

Section 32AC: Investment allowance to manufacturing companies investing more than Rs.100 Crore in plant and machinery during the period 01.04.2013 to 31.03.2015

- ‘32AC. (1) Where an assessee, being a company, engaged in the business of manufacture or production of any article or thing, acquires and installs new asset after the 31st day of March, 2013 but before the 1st day of April, 2015 and the aggregate amount of actual cost of such new assets exceeds one hundred crore rupees, then, there shall be allowed a deduction,—
  - for the assessment year commencing on the 1st day of April, 2014, of a sum equal to fifteen per cent. of the actual cost of new assets acquired and installed after the 31st day of March, 2013 but before the 1st day of April, 2014, if the aggregate amount of actual cost of such new assets exceeds one hundred crore rupees; and (b) for the assessment year commencing on the 1st day of April, 2015, of a sum equal to fifteen per cent. of the actual cost of new assets acquired and installed after the 31st day of March, 2013 but before the 1st day of April, 2015, as reduced by the amount of deduction allowed, if any,under clause (a).
- If any new asset acquired and installed by the assessee is sold or otherwise transferred, except in connection with the amalgamation or demerger, within a period of five years from the date of its installation, the amount of deduction allowed under sub-section (1) in respect of such new asset shall be deemed to be the income of the assessee chargeable under the head “Profits and gains of business or profession” of the previous year in which such new asset is sold or otherwise transferred, in addition to taxability of gains, arising on account of transfer of such new asset.
- Where the new asset is sold or otherwise transferred in connection with the amalgamation or demerger within a period of five years from the date of its installation, the provisions of sub-section (2) shall apply to the amalgamated company or the resulting company, as the case may be, as they would have applied to the amalgamating company or the demerged company.
- For the purposes of this section, “new asset” means any new plant or machinery (other than ship or aircraft) but does not include—
  - any plant or machinery which before its installation by the assessee was used either within or outside India by any other person;
  - any plant or machinery installed in any office premises or any residential accommodation, including accommodation in the nature of a guest house;
  - any office appliances including computers or computer software;
  - any vehicle; or
  - any plant or machinery, the whole of the actual cost of which is allowed as deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head “Profits and gains of business or profession” of any previous year.

Benefit under section 80IA extended from 31.03.2013 to 31.03.2014

- In section 80-IA of the Income-tax Act, in sub-section (4), in clause (iv), for the words, figures and letters "the 31st day of March, 2013", wherever they occur, the words, figures and letters "the 31st day of March, 2014" shall respectively be substituted with effect from the 1st day of April, 2014.

Amendment of Section 80CCG

- In section 80CCG of the Income-tax Act, with effect from the 1st day of April, 2014,—
  in sub-section (1),—
  - after the words "acquired listed equity shares", the words "or listed units of an equity oriented fund" shall be inserted;
  - after the words "in such equity shares", the words "or units" shall be inserted;
    (b) for sub-section (2), the following sub-section shall be substituted, namely:—
- The deduction under sub-section (1) shall be allowed in accordance with, and subject to, the provisions of this section for three consecutive assessment years, beginning with the assessment year relevant to the previous year in which the listed equity shares or listed units of equity oriented fund were first acquired.";
  (c) in sub-section (3),—
  - in clause (i), for the words "ten lakh rupees", the words "twelve lakh rupees" shall be substituted;
  - in clause (iii), after the words "listed equity shares", the words "or listed units of equity oriented fund" shall be inserted;
  - after sub-section (4), the following Explanation shall be inserted, namely:—
  - 'Explanation.—For the purposes of this section, "equity oriented fund" shall have the meaning assigned to it in the Explanation to clause (38) of section 10.

Amendment in Section 80C

- In section 80C of the Income-tax Act, in sub-section (3A), before the Explanation, the following proviso shall be inserted with effect from the 1st day of April, 2014, namely:—
- 'Provided that where the policy, issued on or after the 1st day of April, 2013, is for insurance on life of any person, who is—
  - a person with disability or a person with severe disability as referred to in section 80U, or
  - suffering from disease or ailment as specified in the rules made under section 80DDB, the provisions of this sub-section shall have effect as if for the words "ten per cent.", the words "fifteen per cent." had been substituted.

Amendment in Section 80D

- In section 80D of the Income-tax Act, in sub-section (2), in clause (a), after the words "Central Government Health Scheme", the words "or such other scheme as may be notified by the Central Government in this behalf" shall be inserted with effect from the 1st day of April, 2014.

100% Deduction in case of Donation made to National children Fund

Amendment in section 80CCG

- In section 80CCG of the Income-tax Act, with effect from the 1st day of April, 2014,—
  - in sub-section (1),—(i) after the words "acquired listed equity shares", the words "or listed units of an equity oriented fund" shall be inserted;
  - (ii) after the words "in such equity shares", the words "or units" shall be inserted;
  - for sub-section (2), the following sub-section shall be substituted, namely:—
  - "(2) The deduction under sub-section (1) shall be allowed in accordance with, and subject to, the provisions of this section for three consecutive assessment years, beginning with the
  - Assessment year relevant to the previous year in which the listed equity shares or listed units of equity oriented fund were first acquired.";
  - in sub-section (3),—
  - in clause (i), for the words "ten lakh rupees", the words "twelve lakh rupees" shall be substituted;
  - in clause (iii), after the words "listed equity shares", the words "or listed units of equity oriented fund" shall be inserted;
  - after sub-section (4), the following Explanation shall be inserted, namely:— 'Explanation.—For the purposes of this section, "equity oriented fund" shall have the meaning assigned to it in the Explanation to clause (38) of section 10.

Amendment in section 80GGB

- In section 80GGB of the Income-tax Act, before the Explanation, the following proviso shall be inserted with effect from the 1st day of April, 2014, namely:—
- "Provided that no deduction shall be allowed under this section in respect of any sum contributed by way of cash.

Deduction in respect of interest on loan taken for residential house property

- After section 80E of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2014, namely:—

- ‘80EE. In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential house property.

- The deduction under sub-section (1) shall not exceed one lakh rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2014 and in a case where the interest payable for the previous year relevant to the said assessment year is less than one lakh rupees, the balance amount shall be allowed in the assessment year beginning on the 1st day of April, 2015.

- The deduction under sub-section (1) shall be subject to the following conditions, namely:—

  - the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2013 and ending on the 31st day of March, 2014;
  - the amount of loan sanctioned for acquisition of the residential house property does not exceed twenty-five lakh rupees;
  - (the value of the residential house property does not exceed forty lakh rupees;
  - the assessee does not own any residential house property on the date of sanction of the loan.

- Where a deduction under this section is allowed for any interest referred to in sub-section (1), deduction shall not be allowed in respect of such interest under any other provisions of the Act for the same or any other assessment year.

- For the purposes of this section,—

  - “financial institution” means a banking company to which the Banking Regulation Act, 1949 applies including any bank or banking institution referred to in section 51 of that Act or a housing finance company;
  - “housing finance company” means a public company formed or registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes.

Substitution of new section 271FA imposing penalty for failure to furnish annual information return

- For section 271FA of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2014, namely:—
  - "271FA. If a person who is required to furnish an annual information return under sub-section (1) of section 285BA, fails to furnish such return within the time prescribed under sub-section (2) thereof, the income-tax authority prescribed under said sub-section (1) may direct that such person shall pay, by way of penalty, a sum of one hundred rupees for every day during which such failure continues:
  - Provided that where such person fails to furnish the return within the period specified in the notice issued under sub-section (5) of section 285BA, he shall pay, by way of penalty, a sum of five hundred rupees for every day during which the failure continues, beginning from the day immediately following the day on which the time specified in such notice for furnishing the return expires.

Wealth Tax

- In section 2 of the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act) in caluse 1(ea), in Explanation1, for clause(b), the following clause shall be substituted with effect from the 1st day of April, 2014, namely
- In any area which is comprised within the jurisdiction of a municipality(whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee, or by any other name) or a cantonment board and which has a population or not less than ten thousand; or in any area within the distance, measured aerially,
  - Not being more than two kilometers, from the local limit of any municipality or cantonment board referred to in sub-clause (i) and which has a population of more than ten thousand but not exceeding one lakh; or
  - Not being more than six kilometers, from the local limit of any municipality or cantonment board referred to in sub-clause (i) and which has a population of more than one lakh but not exceeding ten lakh or
  - Not being more than eight kilometers, from the local limits of any municipality or cantonment board referred to in sub-clause (i) and which has a population of more than ten lakh.
  - But does not include land on which construction of a building is not permissible under any law for the time being in force in the area in which such land is situated or the land occupied by any building which has been constructed with the approval of the appropriate authority or any unused land held by the assessee for industrial purposes for a period of two years from the date of its acquisition by him or any land held by the assessee as stock-in-trade for a period of ten years from the date of its acquisition by him.

SECTION C - INDIRECT TAXES

***Excise Duties*:**

Increase in Central Excise duty on the following:

- Specific excise duty on cigarettes, cigars, cheroots and cigarillos increased by about 18%.
- Duty on mobile phones prices at more than Rs. 2000 raised to 6%.
- Excise duty on SUVs increased from 27 to 30%. Not applicable for SUVs registered as taxies.
- Proposals to levy 4% excise duty on silver manufactured from smelting zinc or lead.
- Excise duty on marble increased from Rs 30 per square meter to Rs 60 per square meter.
- In case of spun yarn made of manmade fibre, duty of 12% at the fibre stage.

Decrease in Central Excise duty on the following:

- Relief to readymade garment industry. In case of cotton, zero excise duty at fibre stage also.
- Handmade carpets and textiles floor coverings of coir and jute totally exempted from excise duty.
- To provide relief to ship building industry, ships and vessels exempted from excise duty. No CVD on imported ships and vessels.

Changes in Assessments Procedures :

- Evasion of excise duty as envisaged in section 9(1), in clause (l) enhanced from Rs 30 lac to Rs 50 lac for imprisonment as judged by court ranging from 6month to 3years.

- One more proviso inserted under section 35C(2A) provide that where such appeal is not disposed of within the period specified in the first proviso, the Appellate Tribunal may, on an application made in this behalf by a party and on being satisfied that the delay in disposing of the appeal is not attributable to such party, extend the period of stay to such further period, as it thinks fit, not exceeding one hundred and eighty-five days, and in case the appeal is not so disposed of within the total period of three hundred and sixty\-five days from the date of order referred to in the first proviso, the stay order shall, on the expiry of the said period, stand vacated.
- Procedure for Appellate Tribunal penalty or fine limit enhanced under section 35D (3) from 10lac to 50lac
- Assessment for ayurveda, unani, siddha, homeopathy and bio-chemic systems of medicine shifted to MRP based assessment for reduction in valuation dispute.

***Customs duties*:**

Increase in Custom Duty on the following:

- Duty on Set Top Boxes increased from 5 to 10%.
- Duty on raw silk increased from 5 to 15%.
- Duties on steam Coal and Bituminous Coal equalised and 2% custom duty and 2% CVD levied on both kinds coal.
- Duty on imported luxury goods such as high end motor vehicles, motor cycles, yachts and similar vessels increased.
- Duty of 10% on export of unprocessed ilmenite and 5% on export on ungraded ilmenite.

Decrease in Custom Duty on the following:

- Duty on specified machinery for manufacture of leather and leather goods including footwear reduced from 7.5 to 5%.
- Duty on pre-forms precious and semi-precious stones reduced from 10 to 2%.
- Export duty on de-oiled rice bran oil cake withdrawn.
- Period of concession available for specified part of electric and hybrid vehicles extended upto 31 march 2015.
- Concessions to air craft maintenance, repair and overhaul (MRO) industry.
- Duty free gold limit increased to Rs 50,000 in case of male passenger and Rs 1,00,000 in case of a female passenger subject to conditions.

Service tax:

INCREASE IN SERVICE TAX

- Proposals to levy service tax on all air conditioned restaurant.
- For homes and flats with a carpet area of 2,000 sq. ft. or more of a value of Rs 1 crore or more, which are high-end constructions, where the component of services is greater, rate of abatement reduced from 75 to 70%.

DECREASE IN SERVICE TAX

- Vocational courses offered by institutes affiliated to the State Council of Vocational Training and testing activities in relation to agricultural produce also included in the negative list for service tax.
- Exemption of Service Tax on copyright on cinematography limited to films exhibited in cinema halls.

OTHER MISC. CHANGES IN SERVICE TAX.

- A person who is liable to pay service tax or required to take registration, fails to take registration shall be liable to a penalty which may extend to Rs 10,000,
- Failure to pay any amount collected as service tax to the credit of the central government 45 beyond a period of six months from the date on which such payment becomes due, then any director, manager, secretary or other of such company, who at the time of such contravention was in charge of, and was responsible to, the company for the conduct of business of such company and was knowingly concerned with such contravention, shall be liable to a penalty which may extend to Rs 1,00,000.

Commodity Transaction Tax:

- Proposal for new tax on of commodities
- It shall come into force on such date as the central government may, by notification in the Official Gazette.
- "Commodity derivative" means-
  - A contract for delivery of goods which is not a ready delivery contract; or
  - A contract for differences which derives its value from prices or indices of prices-
    - ✓ Of such underlying goods; or
    - ✓ Of related services and rights, such as warehousing and freight; or
    - ✓ With reference to weather and similar events and activites, Having a bearing on the commodity sector.

- On and from the date of commencement of this chapter, there shall be charged a commodities transactions tax in respect of every taxable commodities transactions, being sale of commodities derivatives, at the rate of 0.01%. on the value of such transactions and such tax shall be payable by the seller.
- The value of a taxable commodities transactions referred to in section 107 shall, with reference value to such transactions, be the price at which the commodity derivative is traded.
- Every assessee shall, within the prescribed time after the end of each financial year, prepare and deliver or cause to be delivered to the assessing officer or to any other authority or agency authorized by the Board in this behalf, a return in such form, verified in such manner and setting forth such particulars as may be prescribed, in respect of all taxable commodities transactions entered into during such financial year in that recognized association.