



BUDGET OVERVIEW

Budget Analysis 2018-19

BUDGET OVERVIEW : Focus

AGRICULTURE

MSP = 150% Cost of
Production

HEALTH CARE

DEFECATION
INSURANCE: Rs. 5 Lacs
per Family

INFRASTRUCTURE

Road Railway, Uddan

MSME

Start up, Mudra, Lower
Income Tax Rate
Ease Funding



» Promises of NDA Govt.

- Reduce Poverty,
- Expedite Infrastructure Creation
- Clean the Country from the evils of corruption, black money and non-transparent political funding.
- Transform the quality of governance and quality of life of our people; Poor to Rich.
- Energize various sections of society, especially the youth and the vulnerable, and enable them to unleash their true potential; and
- Build a strong, Confident and a New India



» **Fundamental Changes made by the Govt.**

- **Ease of doing business ranked 48 in the world**
- **Introduction of GST for removing complexities in various taxes and compliances thereof**
- **Demonetization for removing the black money**
- **The Insolvency and Bankruptcy Code (IBC)**
- **Introduction of Digital Economy and E-Governance**
- **Ujjwala Yojana: 5 Cr LPG Connection to poor Women**
- **Saubhagya Yojna 4 crore households provided with electricity connections**
- **Aushadhi Centres : Generic Medicine : more than 3 thousand Centres**
- **Swachh Bharat Mission – 6 Cr Toilets already built up and 2 Cr built up**



» E-Governance

- Online applications & approvals at Central Govt. / State Govt.
- E-Railway Tickets, Bus Tickets
- Passport at doorstep
- No interviews for appointment C & D categories in Govt. Sector
- E-NAM Connecting 470 APMCs & expand coverage to 585 APMCs
- Project 'e-Vidhan' to digitize and make the functioning of all State Legislatures paperless

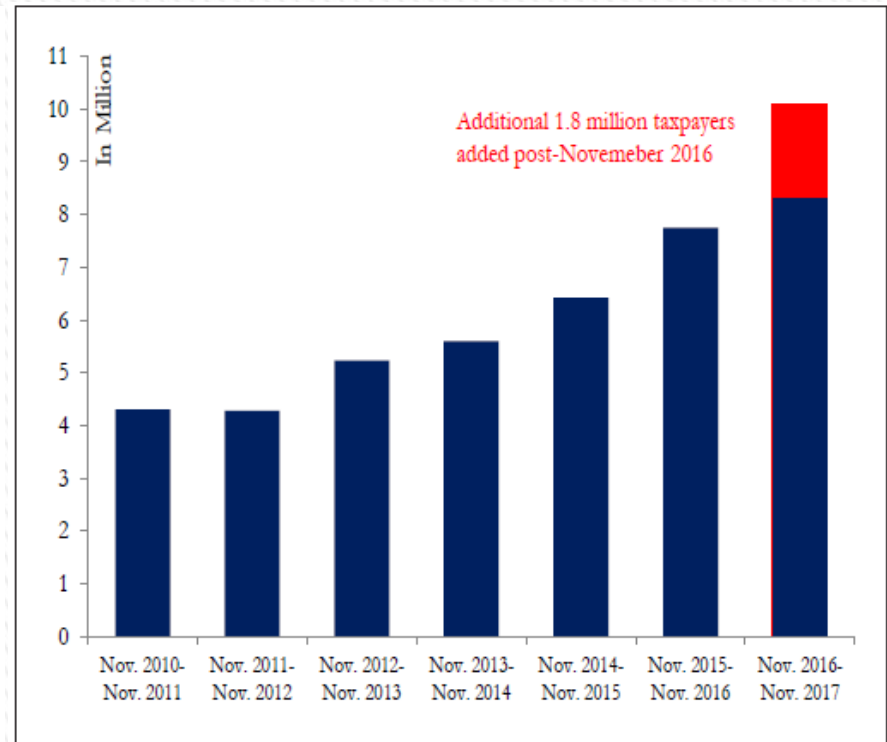
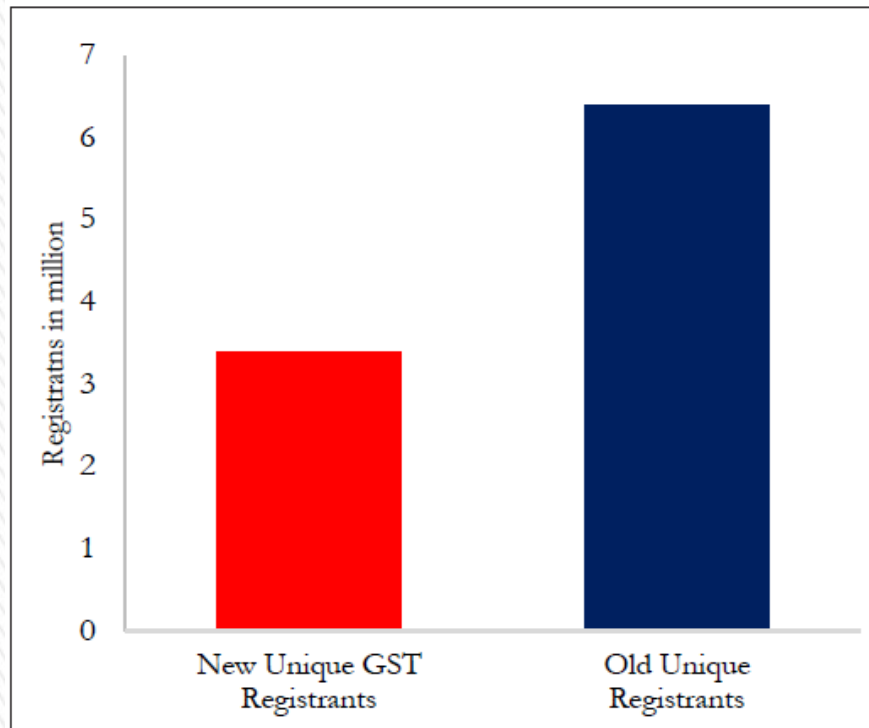


» E-Governance

- E-Courts to bring universal computerization in all Districts & Subordinate Courts by using cloud computing for e-services like e-filing & e-payments
- e-Panchayats platform to provide a suite of core common applications to address various aspects of panchayats functioning from internal core functions of planning, budgeting, implementation, accounting, monitoring and social audit to delivery of services like issue of certificates, licenses etc.



» Impact of Demonetization & GST : Increase in Registered Indirect and Direct Taxpayers



» Highlights

- GDP to grow 7-7.5% in FY19; India to regain fastest growing major economy tag
- GDP growth to be 6.75% in FY2017-18
- Policy vigilance required next fiscal if high oil prices persist or stock prices correct sharply
- Policy agenda for next year -- support agriculture, privatise Air India, finish bank recapitalisation
- GST data shows 50% rise in number of indirect taxpayers
- Tax collection by states, local governments significantly lower than those in other federal countries

» Highlights

- Demonetisation has encouraged financial savings
- Insolvency Code being actively used to resolve NPA woes
- Retail inflation averaged 3.3% in 2017-18, lowest in last 6 fiscals
- India needs to address pendency, delays and backlogs in the appellate and judicial arenas
- Urban migration leading to feminisation of farm sector
- Rs 20,339 Cr approved for interest subvention for farmers in current fiscal
- FDI in services sector rises 15% in 2017-18 on reforms
- Fiscal federalism, accountability to help avoid low equilibrium trap

» Highlights

- India's external sector to remain strong on likely improvement in global trade
- Technology should be used for better enforcement of labour laws
- Swachh Bharat initiative improved sanitation coverage in rural areas from 39% in 2014 to 76% in January 2018
- Priority to social infrastructure like education, health to promote inclusive growth
- Centre, states should enhance cooperation to deal with severe air pollution
- Survey 2017-18 in pink colour to highlight gender issues
- Indian parents often continue to have children till they have the desired number of sons

» TAXPAYERS

» Number of Indirect Tax Registrants, Pre- and Post-GST (in millions)

	GST Registrants			Where GST Registrants' Came From			Type of GST Registration		
	Total	New	Old	Excise	Services	VAT	New	Composition	Regular
All India	9.8	3.4	6.4	.01	.60	5.8	3.4	1.6	8.2

» Table 2. Estimated Turnover and its Type of the New Filers Under GST

	B2B	B2C	Exports	Nil	Total
Share of turnover under different categories	34.0%	16.8%	29.8%	19.4%	100.0%

Note: NIL category includes supplies that are outside the scope of the GST such as petroleum, health, education, and electricity.



» GDP GROWTH IN 2017-18

Data Categories	2014-15	2015-16	2016-17	2017-18	2018-19
GDP at constant market prices	7.5%	8.0%	7.1%	6.5%	7.5% to 7.75%
Per Capita Net National Income	86454	94130	103219	111782	
Index of Industrial Production (Growth)	4.0%	3.3%	4.6%	3.2%	
CPI (Combined) Inflation (Average)	5.9%	4.9%	4.5%	3.3%	
Export Growth (US\$)	-1.3%	-15.5%	5.2%	12.1%	
Import Growth(US\$)	-0.5%	-15.0%	0.9%	21.8%	
Current Account Balance (CAB)/GDP	-1.3%	-1.1%	-0.7%	-1.8%	
Foreign Exchange Reserve	341.6	360.2	370.0	409.4	
Revenue Deficit	2.9%	2.5%	2.1%	1.9%	1.3%

- » **There is substantial avoidable litigation in the tax arena which government action could reduce**
- » The tax department's petition rate is high, even though its success rate in litigation is low and declining (well below 30 percent). – Only 0.2 percent of cases accounted for 56 percent of the value at stake; whereas – About 66 percent of pending cases (each less than Rs. 10 lakhs) accounted for only 1.8 percent of the value at stake.

Court	Direct Tax Cases		Indirect Tax Cases	
	Success Rate	Petition Rate	Success Rate	Petition Rate
Supreme Court	27%	87%	11%	63%
High Courts	13%	83%	46%	39%
ITAT/CESTAT	27%*	88%*	12%	20%

Petition Rate & Success Rate of Tax Department, March 2017



» Need of the Hour : Cooperative Federalism

- GST
- Common Agricultural Market
- Integrate Fragmented
- Inefficient Electricity Markets Solve Inter-State Water Disputes
- Implement Direct Benefit Transfers (DBT)
- Make access to Social Benefits Portable across States,
- Combat Air Pollution



- Growth of India against World :**

	2015-16	2016-17
World GDP	3.1%	3.4%
Advanced Economies	1.6%	1.9%
Emerging Economies	4.1%	4.5%
Indian GDP		7.2% & 7.8% (2017-18)
Current Account Deficit	1%	0.3%
FDI	Rs 1,07,000 Cr (1 st Half)	Rs 1,45,000 Cr (1 st Half)



- Agriculture & other Livelihood Programmes in Rural Area**

Water Resources, River Development & Ganga Rejuvenation	18761
Department of Agriculture, Cooperation & Farmers Welfare	42211
Ministry of Food Processing	3510
Department of Agriculture, Research and Education	7800
Ministry of Drinking Water & Sanitation	37343
Ministry of Rural Development/ Department of Rural Development	112750
Ministry of Rural Development/ Department of Land Resources	2396
Ministry of Power	21550
Ministry of Micro, Small & Medium Enterprises	2908
Ministry of Panchayati Raj	45417
Ministry of Skill Development & Entrepreneurship	1171
Department of Financial Services	1138500
Total	1434317

» Schematic outlays under Education, Health & Social Protection Sectors

Health & Family Welfare	52,800
AYUSH	1,626
Health Research	1,800
School Education	50,000
Higher Education	35,010
Abs	25,339
Rural Development	9,975
Social Justice	7,750
Empowerment of Persons with Disability	1,070
Department of Women and Child Developme	24,700
Minority Affairs	4,700
Total	1,79,457

» Capital Outlay on Infrastructure Sector

Ministry/Deptt.	GBS	IEBR
Ministry of Coal	0	15799
Ministry of Development of North Eastern Region (23)	600	0
Ministry of New and Renewable Energy (67)	0	10317
Ministry of Petroleum and Natural Gas (72)	3675	89210
Ministry of Power (74)	1301	53469
Ministry of Civil Aviation (9)	0	4086
Department of Telecommunication (14)	4500	16986
Ministry of Defence (Misc) (19)	5485	0



» Capital Outlay on Infrastructure Sector

Department of Atomic Energy (4)	1665	5656
Ministry of Housing And Urban Affairs (56)	6500	25000
Ministry of Road Transport and Highways (81)	59425	62000
Ministry of Shipping (87)	250	4042
Ministry of Railways (80)	53060	93440
Ministry of Steel (93)	0	11294
Department of Higher Education (58)	2750	28000
Ministry of Electronics & Information Technology	3073	5700
Grand Total	157208	439935

- » **Key Tax Proposals : Income Tax**
- » There are no changes proposed in the tax rates, surcharge.
- » Marginal relief for salaried persons
- » Domestic companies having turnover less than Rs. 250 Cr only 25% tax on profit
- » Health & Education Cess at 4% in lieu of Education Cess
- » Senior Citizens to be benefited
- » PAN made compulsory
- » E-assessment scheme



» **Key Tax Proposals : Customs**

- » Tariff rates and effective rate for number of items revised upward to curb imports and promote Make-in-India
- » Social Welfare surcharge introduced in lieu of Education cess – Peak Rate 10%
- » Provision for pre-consultation before issuance of SCN w.r.t. Duty, interest and penalty.
- » Provisions for supplementary notice
- » Mode of delivery of communication / summons / SCN/ Orders



Income Tax Analysis 2018-19

- » **Sec 16** : Standard Deduction : Allowed Rs.40,000/- or amount of salary whichever is less for all employees including pensioners. (AY 2019-20)
- » **Sec 10** :However, Deduction of Medical Reimbursement in view of Medical Bills upto Rs. 15000/-p.a.and Exemption of Fixed Transport Allowance upto Rs. 19200/-p.a. has been withdrawn (AY 2019-20)
- » **Sec 56** : Receipt of compensation by employees in connection with termination of employment will be termed as Income. Such Income is slated to taxed under the head of “Income from Other Sources” (AY 2019-20)
- » **Sec 54EC** : The exemption from LTCG on investing into specified bonds (NHAI & RECL) will now be restricted to LTCG arising from Land or building or both. Earlier it was available to any LTCG. Also the lock-in-period would be 5 years instead of 3 years. (AY 2019-20)

- » **80D** : Limit of Health Insurance Premium & Preventive Health Check up for Senior Citizens increased from Rs. 30,000/- to Rs. 50,000/- (AY : 2019-2020)
- » **80DDB** : Deduction for Medical Treatment of specified diseases for senior citizens has been increased from Rs. 60000/- to Senior citizen and Rs. 80000/- to Very Senior Citizen to Rs. 1,00,000/- (AY : 2019-2020)
- » **80 TTA & 80 TTB** : Deduction for Interest : Deduction on Interest from Deposits held by Senior Citizen introduced upto Rs. 50,000/-. Deduction for Interest on Saving Account upto Rs. 10,000/- for Senior Citizen withdrawn (AY:2019-2020)
- » **194A** : Deduction of TDS on source on interest income for senior citizens increased from Rs.10,000/- to Rs 50,000/- .



- » **Sec 10(38) & Sec 112A:** Tax on Long Term capital gains @ 10% will be payable on sale of long terms equity shares / units of equity funds in case the LTCG exceeds Rs 1 Lac (AY:2019-2020)
- » **Sec 48:**Benefit of Cost Inflation Indexation and Cost of Improvement shall not be applicable on such Gains (AY:2019-2020)
- » **Chapter VI-A:**Benefit of Deduction under Chapter VI-A and rebate u/s 87A shall not be applicable for capital gains (AY:2019-2020)



» **Cost of Aquisition for Asset Acquired before 1st February, 2018:**

- a) Actual Cost of Acquisition
- b) Lower of Fair Market Value of Such Asset or Consideration received or accrued, whichever is lower

Whichever is higher

» **Fair Market Value :**

- > For Assets Listed on Stock Exchange :- Highest price Quoted on 31st January, 2018
- > For Asset not listed on Stock Exchange :- Net Asset Value of Such Asset on 31st January, 2018



» **Sec 139A** :PAN made compulsory for:

- > Persons, other than individual, who executes any financial transactions exceeding Rs.2.50 Lakhs in a financial year.
- > who is the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer etc.

Applicable from 1.4.2018

» **Sec 143(3A)** : E-assessment scheme has been mooted for all Income tax assessment and new scheme to be notified.



» Relief measures for Company seeking Insolvency Resolution under Insolvency and Bankruptcy Code, 2016:- (AY : 2019-2020)

- a) Sec 115JB : Minimum Alternate Tax (MAT) : Aggregate of Unabsorbed Depreciation and Loss carried forward will be allowed as deduction in computation of book profit under MAT, where resolution of insolvency has been accepted by the Adjudicating Authority.
- b) Sec 79 : Carry Forward and Set off of Losses : Condition of ownership of 51% of shares has been relaxed, where resolution of insolvency has been accepted by the Adjudicating Authority.
- c) Sec 140 : Income Tax Return to be verified by the Insolvency Professional appointed by the Adjudicating company



- » Relief measures for Units under IFSC :
 - a) Sec 47 : Transactions in the specified assets, by a non-resident on a recognized stock exchange shall not be regarded as transfer, if the consideration is paid or payable in foreign currency
 - b) Sec 115JC : Alternate Minimum Tax reduced from 18.5% to 9%

Applicable from AY 2019-2020



- » Sec 80PA: Farm Producer Companies : Producer company having turnover less than 100 crores will be entitled for income tax exemption from income arising from
 - > marketing of agriculture produce,
 - > purchase of agriculture implements, seeds, live stocks or other article intended for agriculture or
 - > processing of agricultural produce.

Such business should commence between 1st day of April 2018 To 31st March 2024

Applicable from AY 2019-2020



- » Sec 80-IAC : Deduction from Business Income : Eligibility of business expanded to provide that the benefit would be available if it is engaged in
 - > innovation,
 - > development or improvement of products or processes or services, or
 - > a scalable business model with a high potential of employment generation or wealth creation

Turnover should not exceed Rs. 25 crores.

Also, benefit of the section extended to the start ups incorporated before 1st April 2021 from 1st April 2019. Further income tax exemption would be available for any three consecutive years within seven years.

[Applicable from AY 2019-2020](#)



- » **Sec 115-O : Dividend Distribution Tax (DDT):** Deemed dividend are subject to DDT at the rate of 30% (without grossing up). This amendment is brought to tax the deemed dividend in the hand of the company instead of recipient. (AY : 2019-2020)

- » **Sec 50C, Sec 43CA, Sec 56 :** No adjustments shall be made in a case where the variation between stamp duty value and the sale consideration is not more than five percent of the sale consideration (AY : 2019-2020)

- » **Sec 10(12A) :** Exemption from Withdrawal from NPS (40%) is now extended from employees to all subscribers. (AY : 2019-2020)



- » **Sec 115BA : New Manufacturing Companies** : Rationalisation of Income tax Rate for New Set up at schedule rate and balance income @ 25% (AY 2017-18)
- » **Sec 115R:DDT on Income Distributed by MF** :Additional tax of 10% will be chargeable on income distributed by an equity oriented fund to any person (AY :2019-2020)
- » **Sec 115AD** :New proviso inserted to charge income tax @ 10% to FII's on long term capital gain exceeding Rs. 1 Lakh (AY :2019-2020)
- » **Sec 28** : Compensation received or receivable in view of amendment of contract shall be treated as business income (AY :2019-2020)



- » **Sec 286 : Furnishing of Report in respect of International Group :**
 - > Filing of Country by Country Report (CBC) extended to twelve months from the reporting accounting year.
 - > Insertion of clause for filing w.r.t. where parent entity is not obligated to file the report

- » **Sec 145 :** For computing profits and gains of business or profession income computation and disclosure standards (ICDS) to be followed w.r.t. valuation of inventories, validation of purchases and sale of goods, inventory being securities, etc. Sections are re-aligned in view of ICD



- » **Sec 10(23C) & 11** : Trusts, Charitable Entities etc : The provision of disallowance of expenses in case TDS is not deducted has been made applicable to Trusts, religious trusts, charitable hospitals, universities and educational institutions. In case these institutions do not deduct the taxes, the disallowed expenses will be considered as Income and will be subjected to Income Tax. Also the Government will get the audit trail of such expenses. (AY : 2019-2020)
- » **Sec 44AE** : Presumptive Tax for Goods Carriage: In the case of heavy goods vehicle (more than 12MT gross vehicle weight), the income would deemed to be an amount equal to one thousand rupees per ton of gross vehicle weight (AY : 2019-2020)

- » **Sec 80 JJAA** : Deduction for Employment Generation : The minimum period of employment is relaxed to 150 days from 240 days in the case of apparel industry. In order to encourage creation of new employment, it is proposed to extend this relaxation to footwear and leather industry. Also, 30% benefit will be continued for employee less than minimum period (AY: 2019-2020)
- » **Sec 195 and 10(6D)** : TDS will not be required for payments made by National Technical Research Organization (NTRO). (AY: 2018-2019)



INCOME ACT - RATES

Individual / HUF

INCOME (INR)	Existing Rate	Proposed Rate
Up to Rs. 2,50,000	NIL	NIL
2,50,001 to 500,000	5%	5%
5,00,001 to 10,00,000	20%	20%
10,00,001 and above	30%	30%

- No Change in tax rates for any class of individuals.



Senior Citizen (Age above 60 Years)

INCOME (INR)	Existing Rate	Proposed Rate
Up to Rs. 3,00,000	NIL	NIL
3,00,001 to 500,000	5%	5%
5,00,001 to 10,00,000	20%	20%
10,00,001 and above	30%	30%

- No Change in tax rates for any class of Senior Citizen.



Super Senior Citizen(Age above 80 years)

INCOME (INR)	Existing Rate	Proposed Rate
Up to Rs. 5,00,000	NIL	NIL
5,00,001 to 10,00,000	20%	20%
10,00,001 and above	30%	30%

- No Change in tax rates for any class of Super Senior Citizen.



- » “*Education Cess & Higher Education Cess*” is replaced by “*Health & Education Cess*”
- » Rate for *Health & Education Cess* will be 4 % instead of 3% EC & SHEC.
- » It is to fulfil the commitment of the Government to provide and finance quality health services and universalised quality basic education and secondary and higher education.



Existing Salary Structure

Salary Particular	Salary	Net Taxable Salary
Basic	5,00,000	5,00,000
DA	2,00,000	2,00,000
Transportation Allowance (Rs. 1600/- p.m is exempt)	20,000	8,00
Medical Allowance (Rs. 15000/- is exempt subject to submission of bills)	20,000	5,000
Other Allowances	1,00,000	1,00,000
Total Salary	8,40,000	8,05,800
Income Tax		73660
Edu Cess & SH Edu Cess @ 3%		2210
Total Income Tax		75870

Proposed Salary Structure

Salary Particular	Salary	Net Taxable Salary
Basic	5,00,000	5,00,000
DA	2,00,000	2,00,000
Transportation Allowance	20,000	20,000
Medical Allowance	20,000	20,000
Other Allowances	1,00,000	1,00,000
Total Salary	8,40,000	8,40,000
Less: Deduction		40,000
Net Taxable Salary		8,00,000
Income Tax		72,000
Health & Education Cess @ 4%		2880
Total Income Tax		74,880
Tax Benefit		990

Surcharge- No Change

S No.	Type of Assessee	Income Slab	Surcharge Rate
1	Individual / HUF	Rs. 50 Lacs to Rs. 1 Cr	10%
		More than Rs. 1 Cr	15%
2	Co-operative Society / Firm / Local Authority	More than Rs. 1 Cr	12%
3	Domestic Company	More than Rs. 1 Cr to 10 Cr	7%
		More than Rs. 10 Cr	12%
4	Other than domestic Company	More than Rs. 1 Cr to 10 Cr	2%
		More than Rs. 10 Cr	5%



Corporate Tax Rate- Domestic

- » Corporate rates for *domestic companies* is 25% provided total turnover or gross receipts in previous year 2016-17 does not exceed INR 250 Crores. (Earlier, turnover limit was Rs. 50 Crores for 2015-16)
- » Rates (Including Surcharge and Health & Education Cess):

Income	Existing Rate (%)	Proposed Rate (%)
Net Income does not exceed INR 1 Crore	25.75	26.00
Net Income is between INR 1 Crore to 10 Crore	27.55	27.82
Net Income Exceeds INR 10 Crore	28.84	29.12



Corporate Tax Rate- Domestic

- » Corporate rates for other *domestic companies* is 30% i.e. having turnover above Rs. 250 Crores during 2016-17.
- » Rates (Including Surcharge and Health & Education Cess):

Income	Existing Rate (%)	Proposed Rate (%)
Net Income does not exceed INR 1 Crore	30.90	31.20
Net Income is between INR 1 Crore to 10 Crore	33.06	33.38
Net Income Exceeds INR 10 Crore	34.61	34.94



Corporate Tax Rate- Non Domestic

- » Corporate rates for *foreign companies* are as follows*
- » Rates (Including Surcharge and Health & Education Cess):

Income	Existing Rate (%)	Proposed Rate (%)
Net Income does not exceed INR 1 Crore	41.20	41.60
Net Income is between INR 1 Crore to 10 Crore	42.02	42.43
Net Income Exceeds INR 10 Crore	43.26	43.68



CUSTOMS ACT 1962

Change / New Definitions

Sec 1:

- Import manifest and export manifest has been renamed as arrival manifest or import manifest” and “departure manifest or export manifest.
- Scope of Customs Act has been expanded to cover any offence or contravention committed thereunder outside India by any person.
- Name of Central Board of Excise and Customs has been changed to Central Board of Indirect Taxes and Customs.

**Sec 2(2):
Assessment**

- Scope of assessment has been clear cut mentioned so as to include classification, valuation, exemptions, quantity, weight, volume & measurement, origin of goods & other specific factors for provisional assessment, self-assessment, re-assessment & any assessment even if duty is nil.

**Sec 2(28)
Indian Customs
Waters**

- The limit of Indian Custom Water has been extended for the coverage under the Customs Act

**Sec 2(30AA)
Notification**

- Notify includes Notification to be published in the official Gazette or electronically notified.

**Sec 11(3):
Power to
Prohibit
Importation &
Exportation**

- New sub section inserted that even if there are restrictions w.r.t. Import & exports under any other law e.g. IGST Act or FTP etc. it will be applicable only after notification under Customs Act is issued.

**Sec 17(2) & (3):
Assessment of
duty**

- Scope of self-assessment has been included so as to include entry of goods on importation and entry of goods on exportation. Proviso has been inserted to provide legal backing for risk based selection of Bill of Entry / Shipping Bill. Also, documents will be called only for verification when case has been taken under Risk Based Assessment.

**Sec 2(30AA)
Sec 17(5):
Assessment**

- Scope of re-assessment has been increased manifold and restrictions omitted.

Sec 18(1):Provisional Assessment of Duty:

- New sub section inserted to cover Export consignments under provisional assessment of duty

Sec 18(1A):Provisional Assessment of Duty

- Time limit and procedure will be notified for making a final assessment in case of the provisional assessment and importer / exporter has to furnish the documents within the time limit prescribed for finalization of the assessment.

Sec 25A & 25B :Inward and Outward Processing of Goods :

- New Section inserted to empower Central Govt. to exempt or to grant partial exemption for re-importation and exportation thereof within 1 year period for repairs or further processing from the date of let export order.

Sec 28:

- New provision inserted for pre-notice consultation before issuance of SCN.

Sec 28(7A) Supplementary SCN: Provision inserted

- to avoid undue benefit on account of errors and omission while drafting the SCN and supplementary SCN also can be issued.

Sec 28(9A) :Time Limit :

- SCN will have to be issued within the period of limitation and now there will be no desecration. However, only the senior rank officers will be allowed to extend the time limit by 6 months and could not be extended, the proceedings will be deemed to be concluded.

Sec 28(10A) : Refund :

- Excess amount of refund granted will have to be paid back along with interest.

Sec 28(10B) : Refund :

- In case of suppression of facts, collusion or misstatement, Appeal is allowed demand of duty alongwith interest, considering that SCN is deemed to be issued within time limit and therefore demand at least for pertaining to one year will sustain.
- Explanation 4 has been inserted so as to give retrospective effect to this provision from 14th May 2015

Sec 28E(a): Activity :

- Definition of activity has been omitted mainly to enhance the scope of advance ruling authority

Sec 28E(b) : Advance Ruling

- Now advance ruling can be applied only prior to importation or exportation

Sec 28E(ba) :Appellate Authority:

- Appellate Authority will be the same as constituted under Income Tax Act and is in line with provisions of GST so as to have appeal before Appellate Authority against the order of Advance Ruling Authority

Sec 28E(e) : Authority :

- There will be a separate Advance Ruling Authority under the Customs Act.

Sec 28H : Application for Advance Rulings :

- Wording of “tax” has been included so as to cover IGST
- Application to be made only by Resident of India.

Sec 28I: Procedure on Receipt of Application :

- Decision has to be given within the period of 3 months.

Sec 30: Delivery of Import Manifest:

- Scope has been enhance so as to include export of the goods. Methodology of manifestation will be notified separately.

Sec 45: Clearance of Imported Goods:

- Procedure and manner will be prescribed for removal of goods from the custom area

Sec 46(1): Entry of Goods on Importation :

- Customs Automated System is inserted so as to include filing of documents on ICE Gate

Sec 46(4) & (4A): Entry of Goods on Importation :

- Self-Declaration on BOE has been made more exhaustive

Sec 47: Clearance of Goods for Home Consumption :

- LET import for home consumption will be allowed electronically / through Customs Automated Systems of ICE Gate.

Sec 41(1) : Delivery of Export Manifest:

- Scope has been enhance so as to include Import of the goods. Methodology of manifestation will be notified separately.

Sec 50(1) : Clearance of Export Goods :

- Customs Automated System is inserted so as to include filing of documents on ICE Gate

Sec 50(3) : Entry of Goods on Exportation :

- Self-Declaration on BOE has been made more exhaustive

Sec 51(1): Clearance of Goods for Exportation:

- Let Export order will be allowed electronically / through Customs Automated Systems of ICE Gate.

Sec 122 : Adjudication of Confiscation and Penalties :

- Specific limits provided in case of adjudication to the Deputy Commissioner or lower rank has been taken out from the Act, but new limits will be notified

Sec 124 : Issue of SCN before Confiscation and Penalties :

- Supplementary notice also can be issued and procedure will be prescribed even in the case of confiscation Specific

Sec 125 : Option to pay fine in lieu of confiscation :

- The provisions of the section will not apply when proceedings are concluded or deemed to be concluded on the grounds of limitation for time limit for adjudication.

Sec 125(3) : Option to pay fine in lieu of confiscation :

- Time limit for depositing the fine is fixed which is max 120 days from the date of order until the appeal is filed against such order.



Sec 128A(3) : Procedure in Appeal :

- Commissioner Appeals can remand the case *de-novo* with specified circumstances

Sec 143AA :

- Government is empowered to prescribe procedure or documentation for specific class of importers or exporters or categories of the goods to simplify or provide different procedures to facilitate the trades, which will reduce the transaction cost and remove the difficulties.

Sec 151B : Reciprocal arrangement for exchange of information Facilitating trade :

- New provisions has been made to empowering the Govt. for reciprocal arrangement for exchange of information facilitating the trade.

Sec 153 : Modes for service of notice, order, etc. :

- SCN or orders or Summons or any letters can be issued by hand and can be delivered to employee, CHA, Advocate or any adult member of family or can be issued by Post or sped post or courier with acknowledgement receipt or electronically through email on the address available with customs, publishing in news paper or affixing the same on the last known address of the office / business or uploading of the official website of the notice board.
- This will really cause the hardship for filing the reply / documents/ appeals in the prescribed period and importer / exporter will lose their appellate remedy.

» **Sec 51A : CUSTOMS Electronic Cash Ledger :**

New Chapter for PAYMENTS THROUGH ELECTRONIC CASH LEDGER has been introduced, so as to allow to pay in advance the amount of duty, tax, penalty, interest etc. (Effective Date yet to be Notified). This will reduce the period required for importation.

» **Sec 54(1): Transshipment :**

Declaration for Transshipment to be filed instead of Bill of Transshipment and Forms and Procedure will be notified

» **Sec 68 : Clearance of warehoused goods for home consumption:**

Order will be issued electronically / through Customs Automated Systems of ICE Gate.

» **Sec 74 & 75: Drawback on Exports:**

Drawback u/s 74 of Customs Act is allowed even on the export shipment made by post

- ❖ **Chapter XI: Special provisions regarding baggage, goods imported or exported by POST COURIER and stores Baggage** : Courier is also included in this Chapter
- ❖ **Sec 83** : Rate of duty and Tariff Valuation for Goods Exported or imported by Post : Courier is also included
- ❖ **CHAPTER XIIA AUDIT** : Introduced new chapter, since Risk based Assessment System and Self Assessment System, Audit is introduced at the premises of the Auditee
- ❖ **Sec 109A** : Concept of Controlled Delivery : New Provision inserted to restrict the pass through of import consignment in Indian Territory.
- ❖ **Sec 151B : Reciprocal arrangement for exchange of information Facilitating trade** : New provisions has been made to empowering the Govt. for reciprocal arrangement for exchange of information facilitating the trade.

Sec 3(8A) : Levy of Additional Duty :

- New sub section inserted to align with GST provision to collect IGST and Compensation Cess, when goods are sold in warehouse.

Customs Duty Rates



Customs Duty Rates are increased to incentivize domestic value addition and boost the government's Make in India programme.

Imports are increased by 21.8%

Customs Duty Revenue contributes 4% to the total revenue of the Government



Education Cess Vs Social Welfare Surcharge

Custom's Education Cess, Secondary and Higher Secondary Education Cess has been abolished

New levy of Social Welfare Surcharge @10% has been introduced

Effectively net increase in customs duty cost by 0.7%



Social Welfare Surcharge is exempted to be levied on IGST and GST Compensation Cess. It means Social Welfare Surcharge to be charged on Basic Customs Duty only

Social Welfare Surcharge is exempted for specified products on which Education cess was also exempted

Social Welfare Surcharge on Petrol, High Speed Diesel, Silver and Gold (unwrought or in semi-manufactured form, or in powder form) is 3%



Social Welfare Surcharge

Particulars		Case 1	Case 2	Case 3
Basic		100.00	100.00	100.00
Rate of BCD		7.50%	10%	15%
Amount of BCD		7.50	10.00	15.00
Total Ed Cess @	3%	0.23	0.30	0.45
Old Customs Duty		7.73	10.30	15.45
Total Social Welfare Surcharge	10%	0.75	1.00	1.50
New Customs Duty		8.25	11.00	16.50
Net Increase in Customs Duty		0.53	0.70	1.05
		0.53%	0.70%	1.05%



Basic Customs Duty Rate Change

2nd Feb 2018

Basic Customs Duty rates changes are effective from 2nd February 2018 owing to a declaration under the Provisional Collection of Taxes Act, 1931

Customs Duty rates are increased but no AIR of duty drawback has been revised

Chapter 1 to 7

No Change in Customs Duty

Chapter 8

BCD on Cashew nut in shell falling under item 08013100 is reduced from 5% to 2.5%

Chapter 9 to 14

No Change in Customs Duty

Chapter 15

Edible oils of vegetable origin; BCD rate for
Crude edible vegetable oils increased from 12.5% to 30%
Refined edible vegetable oils increased from 20% to 35%

Chapter 16 to 19

No Change in Customs Duty



Basic Customs Duty Rate Change

Chapter 20

Orange fruit juice (2009 11 00 2009 12 00 2009 19 00) increased from 30% to 35%
Other Fruit Juice and Vegetable Juices (unfermented) increased to 30% to 50%
Cranberry Juice (2009 81 00, 2009 90 00) increased from 10% to 50%

Chapter 21

Miscellaneous Food preparations (other than soya protein) increased from 30% to 50%

Chapter 22 to 26

No Change in Customs Duty

Chapter 27

Road and Infrastructure Cess on imported motor spirit commonly known as petrol and high speed diesel oil is imposed at Rs. 8 per litter and CVD of Rs. 6 per litter has been abolished

Chapter 28 to 32

No Change in Customs Duty

Chapter 33

BCD on Perfumes and toiletry preparations falling under 3303 to 3307 increased to 10% to 20%

Basic Customs Duty Rate Change

Chapter 34

Candles, tapers and the like items falling under 3406 increased from 10% to 25%

Chapter 35 to 38

No Change in Customs Duty

Chapter 39

Specified parts and accessories including lithium ion battery of cellular mobile phones (3919 90 90, 3920 99 99, 3920 99 91, 3926 90 99) increased from 10% to 15%

BCD on goods other than parts and accessories of mobile phone are retained 10%

Chapter 40

Truck and Bus radial tyres increased from 10% to 15%

12 specified parts for manufacture of LCD/LED TV panels increased from Nil to 10%

Microphone Rubber Case, Sensor Rubber Case / Sealing Gasket (4016) for manufacture of mobile phone increased to 10% to 15%

Chapter 41 to 47

No Change in Customs Duty



Basic Customs Duty Rate Change

Chapter 48

BCD Kites (4823 9090) is increased from 10% to 20%

Chapter 49

No Change in Customs Duty

Chapter 50

BCD on Silk fabric (5007) is increased from 10% to 20%

Chapter 51
to 63

No Change in Customs Duty

Chapter 64

Footwear (6401, 6402, 6403, 6404, 6405) is increased from 10% to 20%
Parts of Footwear (64006) is increased from 10% to 15%

Chapter 65
to 67

No Change in Customs Duty

Chapter 68

BCD on Articles of Stones of other mineral substances (HSN 6815 9100) is reduces from 10% to 7.5%

Basic Customs Duty Tariff Change

Chapter 69	BCD on Bricks, blocks, tiles and other ceramic goods of siliceous fossil meals or of similar siliceous earths (HSN 6901) is reduces from 10% to 7.5%
Chapter 69	BCD on Refractory ceramics constructional goods (HSN 6902) is increased from 5% to 7.5%
Chapter 69	BCD on other Refractory ceramics constructional goods (HSN 6903) is increased from 5% to 7.5%
Chapter 70	BCD on solar tempered glass or solar tempered (anti reflective coated) glass for manufacturers of solar cellis reduced from 5% to NIL
Chapter 70	BCD on preform of Silica for use in the manufacture of telecommunication grade optical fibres or optical fibre cables is increased from Nil to 5%.
Chapter 71	BCD on cut and polished coloured gemstones is increased from 2.5% to 5%
Chapter 71	BCD on diamond including lab grown diamonds-semo precious , half cut or broken is increased from 2.5% to 5%
Chapter 71	BCD on imitation jewellery is increased from 15% to 20%
Chapter 72	No Change
Chapter 73	Screws of cellular mobile phones falling under 73181500 is increased from 10% to 15%.
Chapter 73	SIM sockets/ other mechanical items (Metal) of cellular mobile phone falling under 7326 9099 is increased from 10% to 15%.

Basic Customs Duty Tariff Change

Chapter 84 and 85	Spark ignition engines / Compression ignition engines (8408) / parts of engine (8407 or 8408) is increased from 7.50% to 15%.
Chapter 84 and 85	Crank shaft / electrical ignition/ starting equipment increased from 7.50% to 15%.
Chapter 84 and 85	Cellular mobile phones increased from 15% to 20%.
Chapter 84 and 85	Charger or adapter increased from 10% to 20%. Effective rate is 10%
Chapter 84 and 85	Cell/battery of mobile phones/ battery pack other than lithium ion battery increased from 10% to 15%. Effective rate is 10%
Chapter 84 and 85	Lithium ion battery falling under 8507 60 00 increased from 10% to 20%. Effective rate is 10%
Chapter 84 and 85	Microphone/ wired headset/receiver of cellular mobile phone increased from 10% to 15%. Effective rate is 10%
Chapter 84 and 85	Key pad/ GSM antenna /any antenna (8517 7090) increased from 10% to 15%
Chapter 84 and 85	Side key of cellular phone (8538 90 00) increased from 10% to 15%.
Chapter 84 and 85	USB cable of cellular mobile phone increased from 7.5%/10% to 15%.

Basic Customs Duty Tariff Change

Chap 84 & 85	Wrist wearable devices (8517 62 90) increased from 10% to 20%
Chap 84 & 85	Concessional 5% BCD on parts of Cellular phones has been withdrawn.
Chap 84 & 85	Printed circuit Board Assembly (8504 90 90) for manufacture of mobile charger/adaptor exemption withdrawn and taxable @ 10%
Chap 84 & 85	LCD/LED/OLED panel of television (8529) increased from 7.5% to 15%.
Chap 84 & 85	Parts of LCD/LED TV panels increased from Nil to 10%
Chap 84 & 85	Ball screws and other parts will have concessional BCD of 2.5% subject to actual used condition.
Chapter 86	No Change
Chapter 87	CKD imports of motor vehicle under 8702 / 8704 increased from 10% to 15%.
Chapter 87	CBU import of motor vehicle under 8702/8704 increased from 20% to 25%.
Chapter 87	Part accessories under specified chapters of motor vehicle increased from 10% to 15%.
Chapter 87	Part accessories under specified chapters of motor cycle increased from 10% to 15%.
Chapter 88-89	No Change

Basic Customs Duty Tariff Change

Chapter 90	Medical devices fall in under specified chapters is increased from 7.5% to 10%. Effective rate is not changed.
Chapter 90	Raw material, parts and accessories of Cochlear implants reduced from 2.5% to Nil subject to actual used condition.
Chapter 90	Sunglasses (9004 10) increased from 10% to 20%.
Chapter 91	Various watches increased from 10% to 20%
Chapter 92-93	No Change
Chapter 94	Seats other than aircraft seats increased from 10% to 20%
Chapter 94	Other furniture and parts increased from 10% to 20%
Chapter 95	Tricycle, scooters and wheel toys and various puzzles (9503) increased from 10% to 20%
Chapter 95	Video game console (9504) increased from 10% to 20%
Chapter 95	Festive/ carnival and other entertainment articles (9505) increased from 10% to 20%
Chapter 95	Articles for sports (9506) increased from 10% to 20%
Chapter 95	Fishing rods/hooks (9507) increased 10% to 20%
Chapter 95	Swings and other related articles increased from 10% to 20%.
Chapter 96	Scents/ sprays and related/ numbering stamps and Cigarette lighter increased from 10% to 20%

GST UPDATES

» Notifications

Central Tax : 70 Nos

Central Tax Rate : 37 Nos

IGST : 7 Nos.

IGST Rate : 43 Nos.

UGST : 3 Nos.

UGST Rate : 45 Nos.



» **Circulars / Orders:**

Central Tax : 41 Nos

IGST : 2 Nos.

UGST : 3 Nos.



Number of Press Release

E-Way Bill Rules modified twice

Revision in returns

Revision in Composition Levy

Extension of Due Dates



- ❖ **TRAN-1 - Decision of CONTINENTAL INDIA PVT LTD AND ANOTHER Vs UNION OF INDIA THRU SECY AND 3 OTHERS– ALLAHABAD High Court**
- ❖ **TRAN-2 ????????**
- ❖ **Reverse Charge (Unregistered Dealer) – 13th October 2017**
- ❖ **Reverse Charge (Specified Services)**
- ❖ **Deemed Exports**
- ❖ **Exports - Refund ???? Commercial Invoice Vs Tax Invoice**
- ❖ **Merchant Exporters**
- ❖ **Fiasco of ISD (Reverse Charge not allowed) & ISD Returns**
- ❖ **No GST on Advance – 15th November 2017**



- ❖ **GSTR-3B to continue**
- ❖ **Seller to upload invoice level details in GSTR 1 within prescribed due dates**
- ❖ **Buyer to download invoice details uploaded by seller (in Form GSTR 2A)**
- ❖ **Buyer to reconcile the GSTR 2A details with ERP purchase register**
- ❖ **Buyer to take action (Accept/reject/modify) on GSTR 2A invoices. Buyer also has option to upload invoices if not uploaded by vendor - this activity is done by buyer through filing of monthly GSTR 2 within prescribed due dates**
- ❖ **Seller and buyer to file monthly GSTR 3/3B to disclose liability, credits and pay taxes**
- ❖ **GSTN to perform reconciliation of data uploaded by buyer and share mismatch report**
- ❖ **Seller and buyer to take relevant action on the mismatches**



GST : What we will be required to do?

- ❖ Seller has option to upload invoices on real time basis
- ❖ Buyer can view the invoices uploaded by multiple sellers on the portal
- ❖ Buyer to accept the invoices to claim credits
- ❖ Seller to disclose output liabilities in GSTR 3B based on invoices uploaded
- ❖ Credit to be restricted for the buyer in GSTR 3B to the extent of invoices accepted
- ❖ Buyer to claim credit/report transaction w.r.t unregistered suppliers/RCM in GSTR3B
- ❖ Buyer would not have option to claim credit for any invoice not uploaded by seller
- ❖ GSTN would not perform any reconciliation for the data uploaded as credit restricted to invoices accepted



THANK YOU.

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