

2016

# Union Budget 2016

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An overview of changes brought under Union Budget  
2016, presented as on February 29, 2016



# Union Budget 2016

## UNION BUDGET 2016: KEY CHANGES IN CENTRAL EXCISE AND CUSTOMS

### UNION BUDGET 2016: CHANGES IN EXCISE AND CUSTOMS:

Changes in Customs and Central Excise law and rates of duty have been proposed through the Finance Bill, 2016 (Clauses 113 to 138 for Customs and Clauses 139 to 144 for Central Excise). In order to prescribe effective rates of duty and to carry out changes in the Rules made under the respective Acts, the following notifications are being issued:

<b>CUSTOMS</b>	<b>Notification Nos.</b>	<b>Date</b>
Tariff	No.11/2016-Customs to No.23/2016-Customs	01.03.2016
Non-Tariff	No.30/2016-Customs (NT) to No. 33/2016-Customs (N.T.)	01.03.2016
<b>CENTRAL EXCISE</b>		
Tariff	No.5/2016-Central Excise to No.18/2016-Central Excise	01.03.2016
Non-Tariff	No.5/2016-Central Excise (N.T.) to No.21/2016-Central Excise (N.T.)	01.03.2016
<b>CLEAN ENERGY CESS</b>		
	No.1 and No. 2/2016-Clean Energy Cess	01.03.2016
<b>INFRASTRUCTURE CESS</b>		
	No.1/2016-Infrastructure Cess	01.03.2016

Unless otherwise stated, all changes in rates of duty take effect from the midnight of 29<sup>th</sup>February / 1<sup>st</sup>March, 2016. A declaration has been made under the Provisional Collection of Taxes Act, 1931 in respect of clauses 138 (i), 142 (i), 143 (i), 159, 231 and 232 of the Finance Bill, 2016 so that changes proposed therein take effect from the midnight of 29<sup>th</sup>February / 1<sup>st</sup>March, 2016. The remaining legislative changes would come into effect only upon the enactment of the Finance Bill, 2016. These dates may be carefully noted.

### **UNDER EXCISE:**

#### ➤ **Excise Duty levied on Certain goods:**

- Exemption on articles of Jewellery [excluding silver jewellery, other than studded with diamonds or other precious stones namely, ruby, emerald and sapphire] withdrawn with a higher threshold exemption upto Rs. 6 crore in a financial year subject to the eligibility limit of Rs. 12 crore in the preceding financial year, along with simplified compliance procedure, from Nil to 1% (without Input Tax Credit [“ITC”] or 12.5% (ITC). Thus, a jewellery manufacturer will be eligible for exemption from Excise duty on first

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clearances upto Rs. 6 Crore during a financial year, if his aggregate domestic clearances during preceding financial year were less than Rs. 12 crore.

- Branded readymade garments and made up articles of textiles of retail sale price of Rs. 1000 or more changed from Nil (without ITC) or 6%/ 12.5% (with ITC) to 2% (without ITC) or 12.5% (with ITC).

## ➤ **Increase in Excise Duty rate on certain goods:**

- Excise Duty on various tobacco products increased by 10% to 15% other than beediraised, to discourage consumption of tobacco and tobacco products.
- Domestically manufactured charger/adaptor, battery and wired headsets/speakers for supply to mobile phone manufacturers as original equipment manufacturer, increased from Nil to 2% [without Input Tax Credit (“ITC”)] or 12.5% [with ITC].
- Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR)/network video recorder (NVR), CCTV camera/IP camera, lithium ion battery [other than those for mobile handsets] from 12.5% to 4% [without ITC] or 12.5% [with ITC].

## ➤ **Decrease in Excise Duty rate on certain goods:**

- Exemption from levy of Excise duty provided to improved chulhas (including smokeless chulhas) capable of burning wood, agrowaste, cowdung, briquettes and coal has been withdrawn.
- Electric motor, shafts, sleeve, chamber, impeller, washer required for the manufacture of centrifugal pump reduced from 12.5% to 6% where more than 50% of such pumps are used in agriculture.
- Refrigerated containers reduced from 12.5% to 6%.
- Micronutrients [covered under S. No. 1(f) of Schedule 1 Part (A) of the Fertilizer Control Order, 1985 and manufactured by the manufacturers which are registered under the Fertilizer Control Order, 1985] reduced from 12.5% to 6%.
- Physical mixture of fertilizers, made out of chemical fertilizers on which duty of Excise has been paid, by Co-operative Societies, holding certificate of manufacture for mixture of fertilizers under the Fertilizer Control Order, 1985, for supply to the members of such Co- operative Societies, exempted from 1% (without Input Tax Credit) or 6% (with Input Tax Credit) to Nil.
- Excise Duty on Solar lamp exempt from 12.5% to Nil.

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- Inputs, parts and components, subparts for manufacture of charger/adapter, battery and wired headsets/speakers of mobile phone, subject to actual user condition, from 12.5%/ Nil to Nil.
- Parts and components, subparts for manufacture of Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR)/network video recorder (NVR), CCTV camera/IP camera, lithium ion battery [other than those for mobile handsets] from 12.5% to Nil.
- Specified Notifications relating to area based exemptions has been amended to deny the said exemption to the certain specified Industrial Units.

## ➤ **Relief measures under the Central Excise:**

- Excise duty exemption, presently available to Concrete Mix manufactured at site for use in construction work at such site extended to Ready Mix Concrete manufactured at the site of construction for use in construction work.
- Mutual exclusiveness of levy of Excise duty and Service Tax on information technology software [in respect of Software recorded on media “NOT FOR RETAIL SALE”] has been ensured by exempting from Excise duty only that portion of the transaction value on which Service tax is paid, with effect from 01.03.2016.
- Exemption from levy of Excise duty has been extended to the power generation projects based on municipal and urban waste without subject to any conditions specified for initial setting up of a project for the generation of power or generation of compressed bio-gas (Bio-CNG) using non-conventional materials.

## ➤ **Amendment in the Central Excise Act, 1944**

- Section 5A of the Central Excise Act, 1944 (“**the Excise Act**”) has been amended to omit the requirement of publishing and offering for sale any notification issued, by the Directorate of Publicity and Public Relations of CBEC.
- Section 11A of the Excise Act has been amended to increase the period of limitation from one year to two years in cases not involving fraud, suppression of facts, willful mis-statement, etc.
- Section 37B of the Excise Act has been amended to empower the Board for implementation of any other provision of the said Act in addition to the power to issue orders, instructions and directions.
- The Third Schedule has been amended to:
  - a) make some editorial changes, consequent to 2017 Harmonized System of Nomenclature.

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b) include therein:

- 1) All goods falling under heading 3401 and 3402;
- 2) Aluminium foils of a thickness not exceeding 0.2 mm;
- 3) Wrist wearable devices (commonly known as „smart watches“); and
- 4) Accessories of motor vehicle.

However, the amendment at b) will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

## ➤ **Amendment in the Central Excise Rules, 2002**

- In case of finalization of provisional assessment, the interest will be chargeable from the original date of payment of duty.
- Reduced the number of returns to be filed by a Central Excise Assessee above a certain threshold from 27 to 13, that is, one annual and 12 monthly returns. Monthly returns are already being e-filed. The CBEC will provide for e-filing of annual return also. This annual return will have to be filed by Service Tax Assessee also, above a certain threshold, taking total number of returns to three in a year for them.
- Extended the facility for revision of return, hitherto available to a Service Tax Assessee only, to manufacturers also.
- Provided that in cases where invoices are digitally signed, the manual attestation of copy of invoice, meant for transporter, is done away with.

## ➤ **Miscellaneous**

- Procedures have been prescribed for obtaining Centralized Excise Registration in terms of Rule 9 of the Central Excise Rules, 2002 for the specified manufacturers of articles of jewellery.
- Exemption from the procedures of physical verification of premises for providing registration has been granted to the specified manufacturers of articles of jewellery.
- The Notification No. 9/2012-Central Excise (N.T.) dated 17.03.2012, fixing the tariff value in respect to articles of jewellery (other than silver jewellery) has been rescinded.
- Instructions are being issued to Chief Commissioners of Central Excise to file application to Courts to withdraw prosecution in cases involving duty of less than Rs. five lakh and pending for more than fifteen years.

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- The existing Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable and Other Goods) Rules, 2001 are substituted with the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable and Other Goods) Rules, 2016, to simplify the rules, including allowing duty exemptions to importer/manufacturer based on self-declaration instead of obtaining permissions from the Central Excise Authorities.

- **Oil Industries Development Cess:**

The Oil Industry (Development) Act, 1974 has been amended to reduce the rate of Oil Industries Development Cess, on domestically produced crude oil, from Rs. 4500 PMT to 20% ad valorem. The amendment in the said Act will be effective from the date of assent to the Finance Bill, 2016. Till the enactment of the Finance Bill, 2016, Notification prescribing 20% effective rate of Oil Industries Development Cess will be issued by Ministry of Petroleum & Natural Gas.

- **Infrastructure Cess:**

Infrastructure Cess levied on motor vehicles, of heading 8703, as under:

- (a) Petrol/LPG/CNG driven motor vehicles of length not exceeding 4m and engine capacity not exceeding 1200cc at 1%;
- (b) Diesel driven motor vehicles of length not exceeding 4m and engine capacity not exceeding 1500cc at 2.5%;
- (c) Other higher engine capacity and SUVs and bigger sedans at 4%;

Exemption provided to three wheeled vehicles, Electrically operated vehicles, Hybrid vehicles, Hydrogen vehicles based on fuel cell technology, Motor vehicles which after clearance have been registered for use solely as taxi, Cars for physically handicapped persons and Motor vehicles cleared as ambulances or registered for use solely as ambulance;

Further, no credit of Infrastructure Cess will be allowed, and credit of no other Duty can be allowed to pay Infrastructure Cess.

However, the said Infrastructure Cess will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

- **Clean Energy Cess:**

The Clean Energy Cess has been renamed as Clean Environment Cess. Also, the Tenth Schedule to the Finance Act, 2010 dealing with Clean Energy Cess has been amended to increase the Scheduled rate of Clean Energy Cess from Rs. 300 per tonne to Rs. 400 per

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tonne. However, the effective rate of Clean Energy Cess has been increased from Rs. 200 per tonne to Rs. 400 per tonne.

The increase in Clean Energy Cess will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

## **Summarization of Notification Nos. 5 to 18/2016-Central Excise dated 01.03.2016**

<b>Sl. No.</b>	<b>Notification No.</b>	<b>Description</b>
1.	5/2016-Central Excise	Seeks to suitably amend specified notifications relating to area based exemptions, so as to carry out Budgetary changes
2.	6/2016-Central Excise	Seeks to suitably amend specified notifications relating to area based exemptions, so as to carry out Budgetary changes
3.	7/2016-Central Excise	Seeks to amend Notification No. 7/2012-Central Excise dated 17.03.2012 so as to carry out Budgetary changes
4.	8/2016-Central Excise	Seeks to amend Notification No. 8/2003-Central Excise dated 17.03.2012 so as to carry out Budgetary changes
5.	9/2016-Central Excise	Seeks to amend Notification No. 1/2011-Central Excise dated 01.03.2011 so as to carry out Budgetary changes
6.	10/2016-Central Excise	Seeks to amend Notification No. 2/2011-Central Excise dated 01.03.2011 so as to carry out Budgetary changes
7.	11/2016-Central Excise	Seeks to exempt Central Excise Duty on media with recorded Information Technology Software on so much value as is equivalent to the value of the Information Technology Software recorded on the said media which is leviable to Service tax under the Finance Act
8.	12/2016-Central Excise	Seeks to amend Notification No. 12/2012-Central Excise dated 17.03.2012 so as to carry out



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		Budgetary changes
9.	13/2016-Central Excise	Seeks to rescind Notification No. 62/91-Central Excise dated 25.07.1991 so as to carry out Budgetary changes
10.	14/2016-Central Excise	Seeks to amend Notification No. 33/2005-Central Excise dated 08.09.2005 so as to carry out Budgetary changes
11.	15/2016-Central Excise	Seeks to amend Notification No. 30/2004-Central Excise dated 09.07.2004 so as to carry out Budgetary changes
12.	16/2016-Central Excise	Seeks to amend Notification No. 16/2010-Central Excise dated 27.02.2010 so as to carry out Budgetary changes
13.	17/2016-Central Excise	Seeks to amend Notification No. 42/2008-Central Excise dated 01.07.2008 so as to carry out Budgetary changes
14.	18/2016-Central Excise	Seeks to amend Notification No. 6/2005-Central Excise dated 01.07.2008 so as to carry out Budgetary changes

## **Summarization of Notification Nos. 5 to 21/2016-Central Excise (N.T.), dated 01.03.2016**

Sl. No.	Notification No.	Description
1.	5/2016-Central Excise (N.T.)	Seeks to provide a procedure for obtaining Centralized Registration for manufacturers of articles of jewellery
2.	6/2016-Central Excise (N.T.)	Seeks to amend Notification No. 35/2001-Central Excise (N.T) dated 26.06.2001
3.	7/2016-Central Excise (N.T.)	Rescinds Notification No. 9/2012-Central Excise (N.T) dated 17.03.2012
4.	8/2016-Central Excise	Seeks to further amend Central Excise Rules,



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	(N.T.)		2002
5.	9/2016-Central (N.T.)	Excise	Seeks to further to amend the Pan Masala Packing Machines (Capacity Determination And Collection of Duty) Rules, 2008
6.	10/2016-Central (N.T.)	Excise	Seeks to further amend the Chewing Tobacco and Unmanufactured Tobacco Packing Machines (Capacity Determination and Collection of Duty) Rules, 2010
7.	11/2016-Central (N.T.)	Excise	Seeks to further amend Notification No. 20/2001-Central Excise (N.T.), dated the 30.04.2001 so as to amend the tariff values prescribed for articles of apparel and clothing accessories not knitted or crocheted
8.	12/2016-Central (N.T.)	Excise	Seeks to further amend Notification No. 49/2008-Central Excise (N.T.), dated the 01.03.2016 so as to amend the rate of abatement from Retail Sale Price for commodities specified therein and bring certain commodities under Retail Sale Price based assessment
9.	13/2016-Central (N.T.)	Excise	Seeks to further amend the Cenvat Credit Rules, 2004.
10.	14/2016-Central (N.T.)	Excise	Seeks to amend Notification No. 27/2012-Central Excise (N.T) so as to prescribe the time limit for filing application for refund of Cenvat Credit under Rule 5 of the Cenvat Credit Rules, 2004, in case of export of services.
11.	15/2016-Central (N.T.)	Excise	Seeks to prescribe the rate of interest at fifteen per cent per annum for the purposes of section 11AA of the Central Excise Act, 1944.
12.	16/2016-Central (N.T.)	Excise	Seeks to amend Notification No. 42/2001 - Central Excise (N.T.) dated 26.06.2001 so as to make further amendments in notification No. 42/2001- CE (NT), dated the 26th June 2001
13.	17/2016-Central (N.T.)	Excise	Seeks to amend Notification No. 31/2007-Central Excise (N.T.), dated the 02.08.2007 so as to make

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			further amendments in notification No. 42/2001-CE (NT), dated the 26th June 2001
14.	18/2016-Central (N.T.)	Excise	Seeks to amend Notification No. 19/2004-Central Excise (N.T.), dated the 06.09.2004 so as to carry out Budgetary changes
15.	19/2016-Central (N.T.)	Excise	Seeks to amend Notification No. 36/2001-Central Excise (N.T.), dated the 26.06.2001 so as to carry out Budgetary changes
16.	20/2016-Central (N.T.)	Excise	Seeks to notify new Central Excise (Removal of Goods at Concessional rate of Duty for Manufacture of Excisable Goods), 2016
17.	21/2016-Central (N.T.)	Excise	Seeks amend Notification No. 21/2004-Central Excise (N.T) dated 06.09.2004 so as to carry out Budgetary changes

## Summarization of Notification Nos. 1 and 2/2016-CEC and Notification No.1/2016-Infrastructure Cess all dated 01.03.2016

Sl. No.	Notification No.	Description
1.	Notification No.1/2016 – Clean Energy Cess	Seeks to rescind Notification No. 1/2015-Clean Energy Cess dated 01.03.2015
2.	Notification No.2/2016 – Clean Energy Cess	Seeks to amend Notification No. 5/2010-Clean Energy Cess dated 01.03.2015
3.	Notification No.1/2016 – Infrastructure Cess	Seeks to provide effective rates of Infrastructure Cess on specified goods.

### **UNDER CUSTOMS:**

Following amendment are being made in the Customs Act, 1962 (“**the Customs Act**”) and the Customs Tariff Act, 1975 (“**the Customs Tariff Act**”) are as under:

#### ➤ **Reduction in Customs duty on certain goods:**

- Refrigerated containers from 10% to 5%;
- Mineral fuels and Mineral oils:

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- (a) Coal; briquettes, ovoids and similar solid fuels manufactured from coal from 2.5%/10% to 2.5%
- (b) Lignite, whether or not agglomerated, excluding jet from 10% to 2.5%
- (c) Peat (including peat litter), whether or not agglomerated from 10% to 2.5%
- (d) Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon from 5%/10% to 5%
- (e) Coal gas, water gas, producer gas and similar gases, other than petroleum gases and other gaseous hydrocarbons from 10% to 5%
- (f) Tar distilled from coal, from lignite or from peat and other mineral tars, whether or not dehydrated or partially distilled, including reconstituted tars from 10% to 5%
- (g) Oils and other products of the distillation of high temperature coal tar similar products in which the weight of the aromatic constituents exceeds that of the non-aromatic constituents from 2.5%/5%/10% to 2.5%
- (h) Pitch and pitch coke, obtained from coal tar or from other mineral tars from 5%/10% to 5%
- Chemicals & Petrochemicals:
  - (a) All acyclic hydrocarbons and all cyclic hydrocarbons [other than para- xylene which attracts Nil Basic Customs Duty and styrene which attracts 2% Basic Customs Duty] from 5%/2.5% to 2.5%
  - (b) Denatured ethyl alcohol (Ethanol), from 5% to 2.5%, subject to actual user condition
  - (c) Electrolysers, membranes and their parts required by caustic soda/ potash unit using membrane cell technology exempted from 2.5% to Nil
- Wood in chips or particles for manufacture of paper, paperboard and news print from 5% to Nil;
- Textiles:
  - (a) Specified fibres and yarns from 5% to 2.5%
  - (b) Import of specified fabrics [for manufacture of textile garments for export] of value equivalent to 1% of FOB value of exports in the preceding financial year exempted from Applicable Rate to Nil, subject to the specified conditions
- Electronics/ Hardware:



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- (a) Polypropylene granules/resins for the manufacture of capacitor grade plastic films from 7.5% to Nil
- (b) Parts of E-readers from Applicable Rate to 5%
- (c) Magnetron of capacity of 1 KW to 1.5 KW for use in manufacture of domestic microwave ovens, subject to actual user condition, from 10% to Nil.
- Specified capital goods and inputs for use in manufacture of Micro fuses, Sub-miniature fuses, Resettable fuses and Thermal fuses from Applicable Rate to Nil;
- Neodymium Magnet (before Magnetization) and Magnet Resin (Strontium Ferrite compound/before formed, before magnetization) for manufacture of BLDC motors, from Applicable Rate to 2.5%, subject to actual user condition;

## • **Increase in Customs Duty on certain goods:**

- Natural latex rubber made balloons from 10% to 20%;
- Imitation jewellery from 10% to 15%;
- Metals:
  - (a) Primary aluminium from 5% to 7.5%
  - (b) Other aluminium products from 7.5% to 10%
  - (c) Zinc alloys from 5% to 7.5%
- Industrial solar water heater from 7.5% to 10%;
- Full exemption on solar tempered glass/solar tempered (anti-reflective coated) glass withdrawn and 5% concessional Basic Customs Duty imposed, subject to actual user conditions;
- Plans, drawings and designs from Nil to 10%;
- Electronics/Hardware:
  - (a) E-Readers from Nil to 7.5%
- Preform of silica for manufacture of telecom grade optical fibre /cables from Nil to 10%;
- Exemption on magnetic - Heads (all types), Ceramic/Magnetic cartridges and stylus, Antennas, EHT cables, Level meters/level indicators/ tuning indicators/ peak level meters/ battery meter/VC meters/Tape counters, Tone arms, Electron guns withdrawn, from Nil to Applicable Rate of Basic Customs Duty;

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- Specified telecommunication equipment [Soft switches and Voice over Internet Protocol (VoIP) equipment namely VoIP phones, media gateways, gateway Product/Switch (POTP/POTS), Optical controllers and session border controllers, Optical Transport equipment; combination of one / more of Packet Optical Transport Network(OTN) products, and IP Radios, Carrier Ethernet Switch, Packet Transport Node (PTN) products, Multiprotocol Label Switching- Transport Profile (MPLS-TP) products, Multiple Input / Multiple Output (MIMO) and Long Term Evolution (LTE) Products on which 10% BCD was imposed in 2014-15 Budget] being excluded from the purview of the other exemption also, now taxable from Nil to 10%;

## • **Reduction in Special Additional Duty ("SAD") on certain goods:**

- Orthoxylene, from 4% to 2%, for the manufacture of phthalic anhydride subject to actual user condition;

## • **Exemption from SAD withdrawn fully or in some cases, imposed reduced SAD on certain goods:**

- Populated PCBs for manufacture of personal computers (laptop or desktop) from Nil to 4%;
- Populated PCBs of mobile phone/tablet computer withdrawn. Concessional SAD on populated PCBs for manufacture of mobile phone/tablet computer imposed from Nil to 2%;

## • **Miscellaneous:**

- Concessional Basic Customs Duty as presently available under project imports for cold storage, cold room (including for farm level pre-cooling) also extended for 'cold chain including pre-cooling unit, pack houses, sorting and grading lines and ripening chambers' from 10% to 5%;
- Machinery, electrical equipment, instrument and parts thereof (except populated PCBs) for semiconductor wafer fabrication/LCD fabrication units exempted from Applicable Rate of Basic Customs Duty and SAD at 4%;
- Machinery, electrical equipment, instrument and parts thereof (except populated PCBs) imported for Assembly, Test, Marking and Packaging of semiconductor chips (ATMP) exempted from Applicable Rate of Basic Customs Duty and SAD at 4%;
- The exemption from Basic Customs Duty, Countervailing Duty, SAD on charger/adaptor, battery and wired headsets/speakers for manufacture of mobile phone is withdrawn, now Basic Customs Duty taxable at Applicable Rate, Countervailing Duty at 12.5% and SAD at 4% on it;

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- Inputs, parts and components, subparts for manufacture of charger / adapter, battery and wired headsets /speakers, of mobile phone, subject to actual user condition exempted from Applicable Rate of Basic Customs Duty, Countervailing Duty and SAD;
- Parts and components, subparts for manufacture of Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR)/network video recorder (NVR), CCTV camera/IP camera, lithium ion battery [other than those for mobile handsets] exempted from Applicable Rate of Basic Customs Duty, Countervailing Duty and SAD;

## Changes in the Customs provisions and Rules made there under

Sl. No.	Amendment	Clause of the Finance Bill, 2016
1.	Subsection (43) of Section 2 is being amended so as to add a new class of warehouses for enabling storage of specific goods under physical control of the department, as control over the other types of warehouses would be only record based.	113
2.	Subsection (45) of Section 2 which defines “warehousing station” is being omitted.	113
3.	Chapter heading of Chapter III is being amended to omit the word “warehousing station”.	114
4.	Section 9 is being omitted.	115
5.	Section 25 is being amended so as to omit the requirement of publishing and offering for sale any notification issued, by the Directorate of Publicity and Public Relations of CBEC	116
6.	Sections 28, 47, 51 and 156 are being amended so as to:	117
	a) increase the period of limitation from one year to two years in cases not involving fraud, suppression of facts, willful mis-statement, etc.	118
	b) provide for deferred payment of customs duties for importers and exporters to certain class of importers and exporters.	119
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7.	Section 53 is being amended so as to enable the Board to frame regulations for allowing transit of certain goods and conveyance without payment of duty.	120
8.	Sections 57 and 58 are being substituted to provide for licensing by the Principal Commissioner or Commissioner, in place of Deputy/Assistant Commissioner, subject to such conditions as may be prescribed.	121 122
9.	New section 58A is being inserted to provide for a new class of warehouses which require continued physical control and will be licensed for storing goods, as may be specified.	122
10	New section 58B is being inserted so as to regulate the process of cancellation of licences which is a necessary concomitant of licensing.	122
11.	The existing section 59 governing warehousing bonds submitted by importers availing duty deferred warehousing is being substituted so as to fix the bond amount at thrice the duty involved and to furnish security as prescribed.	123
12.	The existing section 60 is being substituted to define the date of removal of goods from a customs station and deposit thereof in a warehouse.	124
13.	The existing section 61 is being substituted to extend the period of warehousing to all goods used by Export Oriented Undertakings, Units under Electronic Hardware Technology Parks, Software Technology Parks, Ship Building Yards and other units manufacturing under bond; empower Principal Commissioners and Commissioners to extend the warehousing period upto one year at a time.	125
14.	Section 62 relating to physical control over warehoused goods is being omitted since the conditions for licensing different categories of warehouses and exercising control over the same are being provided under sections 57, 58 and 58A.	126
15.	Section 63 relating to payment of rent and warehouse charges is being omitted in view of the privatization of services, and free market determination of rates, including those by facilities in the public sector.	126
16.	The existing section 64 relating to owner's rights to deal with warehoused goods is being substituted so as to rationalize the facilities and rights extended under the section.	127
17.	Section 65 is being amended to delete the payment of fees to Customs for supervision of manufacturing facilities under Bond; and empower Principal Commissioner or Commissioner of	128



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	Customs to licence such facilities.	
18.	Section 68 is being amended to omit rent and other charges on account of omission of section 63.	129
19.	Section 69 is being amended to omit rent and other charges on account of omission of section 63.	130
20.	Section 71 is being amended so as to substitute the word "exportation" with the word "export" to align with definition contained in sub section (18) of section 2.	131
21.	Section 72 is being amended to delete clause (c) regarding improper removal of samples	132
22.	Section 73 is being amended to provide for cancellation bond in case of transfer of ownership of the goods, and is thus aligned with sub-section (5) of section 59.	133
23.	New section 73A is being inserted so as to provide for custody of warehoused goods and responsibilities including the liabilities of warehouse keepers.	134

## • Amendment in the Customs Tariff Act

Sl. No.	Amendment	Clause of the Finance Bill, 2016
1.	To omit Section 8C [Power of Central Government to impose transitional product specific safeguard duty on imports from People's Republic of China]	137

## • Amendment in the First Schedule to the Customs Tariff Act

Sl. No.	Amendment	Clause of the Finance Bill, 2016
	Amendments not affecting rates of duty	
1.	Editorial changes in the Harmonized System of Nomenclature (HSN) in certain chapters are being incorporated in the First Schedules, to be effective from 01.01.2017.	138(ii)
2.	To: 1) Amend supplementary notes (e) and (f) Chapter 27 so as to change the reference:	138(i)

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	<p>a) from IS:1460:2000 to IS:1460:2005 for high speed diesel (HSD) and</p> <p>b) from IS:1460 to IS: 15770:2008 for light diesel oil (LDO);</p> <p>2) Substitute Tariff line 5801 39 10 with description “Warp pile fabrics, uncut” in place of tariff line 5801 37 11 [with description Warp pile fabrics ‘epingle’ uncut velvet] and 5801 37 19 [with description Warp pile fabrics ‘epingle’ uncut other];</p> <p>3) Prescribe separate tariff lines for laboratory created or laboratory grown or manmade or cultured or synthetic diamonds;</p> <p>4) Delete Tariff line 8525 50 50, relating to Wireless microphone.</p>	
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- Summary of the Customs Tariff Notification:**

Sl. No	Notificatio ns No.	Description
1.	11/2016-Customs	Exempt CVD on imported media with recorded Information Technology Software on so much value as is equivalent to the value of the Information Technology Software recorded on the said media which is leviable to Service tax under Finance Act, 1994.
2.	12/2016-Customs	Notification No. 12/2012-Customs, dated the 17.03.2012 is being amended.
3.	13/2016-Customs	By making an amendment in Notification No. 171/93-Customs, dated the 16.09.1993, the Exemption limit of the bona fide gifts imported by post or as air freight is being increased from Rs. 10,000/- to Rs. 20,000/-.
4.	14/2016-Customs	By making an amendment in Notification No. 39/96-Customs, dated the 23.07.1996, the exemption in respect of the Serial No. 9, 9A 10 and 10A is being withdrawn.
5.	15/2016-Customs	By making an amendment in Notification No. 27/2011-Customs, dated the 01.03.2011 hereby exempt duty of customs leviable under the Second Schedule, to the Customs Tariff Act on items specified therein.
6.	16/2016-	By making an amendment in Notification No. 21/2012-Customs, dated the 17.03.2012 hereby exempt the additional duty of

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	Customs	customs leviable under sub-section 3 (5) of Customs Tariff Act for items specified therein.
7.	17/2016-Customs	By making an amendment in Notification No. 25/1999-Customs, dated 28.02.1999 the words “sub-miniature fuses, micro fuses, resettable fuses and thermal fuses” is being inserted. Now importation of these goods into India for use in the manufacture of the finished goods liable to nil rate of duty.
8.	18/2016-Customs	By making an amendment in Notification No. 25/2002-Customs, dated the 01.03.2002, importation of Capital goods is being exempted from whole of the duty of Customs for the manufacture of the following finished goods mentioned against the Serial No. 64:  “Glass and ceramic cartridge fuses, blade fuses, automotive fuses, surface mount fuses, sub-miniature fuses, micro fuses, resettable fuses and thermal fuses”
9.	19/2016-Customs	By making an amendment in Notification No. 24/2005-Customs, dated the 01.03.2005 against serial number 39, in column (3), after the words “All goods”, the words and brackets “ except charger or adapter, battery, wired headsets and speakers of mobile handsets including cellular phones and solar tempered glass or solar tempered (anti-reflective coated) glass” is being inserted.
10.	20/2016-Customs	By making an amendment in Notification No. 230/86-Customs, dated the 03.04.1986 against serial number 3H, in the entry under heading „ Name of the Plant or Project, for the words, “Cold storage, cold room (including for farm level pre-cooling)”, the words and brackets, “Cold storage, cold room (including for farm level pre-cooling), cold chain including pre-cooling unit, packhouses, sorting and grading lines and ripening chambers” is being substituted.
11.	21/2016-Customs	By making an amendment in Notification No. 42/96-Customs, dated the 23.07.1996 for the project specified against serial number 41 the words “Cold storage, cold room (including for farm level pre-cooling)”, the words and brackets “Cold storage, cold room (including for farm level pre-cooling), cold chain including pre-cooling unit, packhouses, sorting and grading lines and ripening chambers” is being substituted for assessment under Heading 9801 of the first schedule to the Customs Tariff Act.

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12.	22/2016-Customs	Seeks to further amend Notification No. 81/2005-Customs, dated the 08.09.2005 so as to carry out Budgetary changes
13.	23/2016-Customs	Seeks to further amend Notification No. 72/1994-Customs, dated the 01.03.1994.

## • Summary of the Customs Non-Tariff Notification:

Sl. No	Notification No.	Description
1.	30/2016-Customs (NT)	Seeks to notify Baggage Rules, 2016.
2.	31/2016-Customs (NT)	Seeks to further amend Customs Baggage Declaration (Amendment) Regulations, 2016.
3.	32/2016-Customs (NT)	Seeks to notify the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods), Rules 2016.
4.	33/2016-Customs (NT)	Seeks to fix the rate of interest under section 28AA of the Customs Act, 1962 and supersede notification No. 17/2011- Cus (N.T) dated 01.03.2011.

## ABOUT US

A2Z TAXCORP LLP is a boutique Indirect Tax firm having professionals from Multi disciplines which includes Central Excise, Custom, Service Tax, VAT, DGFT, Foreign Trade Policy, SEZ, EOU, Export – Import Laws, Free Trade Policy, with way forward Goods and Services Tax (GST).

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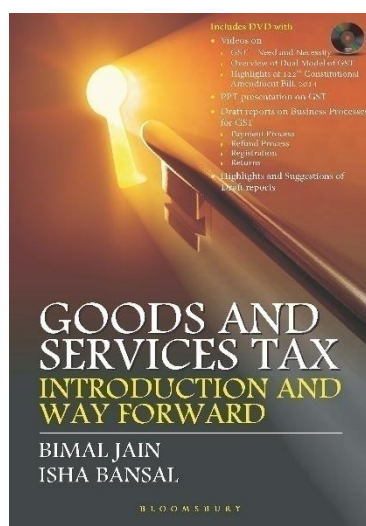
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