

ANALYSIS OF INDIAN UNION BUDGET 2012-13

CENTRAL EXCISE - TARIFF (Central Excise Tariff Act, 1985)

GENERAL - PROPOSALS INVOLVING CHANGES IN RATES OF DUTY

1. The effective rate of excise duty of 10% on non-petroleum products is being increased to 12% with a few exceptions where exemptions/concessions have been given.
1. For petroleum goods, the *ad valorem* rate or *ad valorem* component (where the rates are mixed) is being revised to 14%
2. Concessional rate of excise duty of 5% on non-petroleum products is being increased to 6%.
3. The lower rate of 1% on non-petroleum products is being increased to 2%. However, precious metal jewellery, coal and fertilizers would remain at 1%.

SECTOR SPECIFIC PROPOSALS

I. CEMENT:

The graded RSP slabs for the purpose of charging of duty on cement manufactured and cleared in packaged form are being done away with. In order to rationalize the excise duty structure on cement manufactured and cleared in packaged form, the tariff has been revised as under: -

<u>Description</u>	<u>Revised Rate of Duty</u>
1. cement manufactured and cleared in packaged form: – a) from mini cement plants b) from other than mini cement plants	6% ad valorem + Rs.120 per tonne 12% ad valorem + Rs.120 per tonne
2. Cement cleared other than in packaged form.	12% ad valorem
3. Cement Clinker	12% ad valorem

Cement is also being notified under section 4A, that is, retail sale price (RSP) based assessment with an abatement of 30% from RSP.

II. PRECIOUS METALS:

1. At present, branded jewellery of precious metals attracts excise duty of 1%. The scope of the levy is extended to include unbranded jewellery within its ambit. However, the duty on such unbranded jewellery would be charged on 30% of transaction value declared in the invoice.
2. Unbranded silver jewellery is already exempt. Branded silver jewellery is being exempted from excise duty.
3. Excise duty on gold jewellery sold from EOUs into domestic tariff area (DTA) is being increased from 5% to 10%.
4. Excise duty on refined gold is being increased from 1.5% to 3%.
5. Excise duty on gold produced from copper smelting is being increased from 2% to 3%.
6. Excise duty on silver produced from copper smelting is being reduced from 6% to 4%.
7. Full exemption from excise duty is being provided on articles of goldsmith and silversmith wares of precious metals or of metals coated with precious metals, not bearing a brand name.
8. Gold coins of purity 99.5% and above and silver coins of purity 99.9% and above are being fully exempted from excise duty.

III. TOBACCO PRODUCTS:

1. Enhancement in rates of excise duty on cigarettes (both filter and non-filter) of length exceeding 65 millimetres by adding an *ad valorem* rate of 10% to the existing specific rates of duty.
2. Cigarettes are being notified under section 4A for RSP based assessment with abatement of 50% from RSP.
3. Enhancement of excise duty on cigars, cheroots and cigarillos to “12% or Rs.1370 per thousand, whichever is higher”.

4. The basic excise duty on hand-rolled bidis is being increased from Rs.8 to Rs.10 per thousand and on machine-rolled bidis from Rs.19 to Rs.21 per thousand.
5. The rates of duty per machine applicable to pan masala, guthka, chewing tobacco, zarda scented tobacco and unmanufactured tobacco under the compounded levy scheme are being increased.

IV. MASS CONSUMPTION ITEMS:

1. Refills and inks used for the manufacture of writing instruments of value not exceeding Rs.200 per piece are being fully exempted from excise duty subject to actual user condition.
2. Exemption limit on footwear is being enhanced from Rs.250 per pair to Rs.500 per pair. Footwear above Rs.500 per pair would attract excise duty of 12%.
3. Excise duty on iodine is being reduced from 10% to 6%.

V. ENVIRONMENT FRIENDLY GOODS:

1. Excise duty is being reduced from 10% to 6% on battery packs supplied to manufacturers of electric vehicles for use as spares and OEMs subject to end-use condition.
2. Excise duty is being reduced from 10% to 6% on specific parts of Hybrid vehicles supplied to manufacturers of hybrid vehicles subject to end-use condition.
3. Excise duty on LED lamps is being reduced to 6%.

VI. TEXTILES:

For the purpose of charging excise duty on ready-made garments bearing a brand name or sold under a brand name, the level of abatement from the retail sale price (RSP) is being increased from 55% to 70%.

VII. MISCELLANEOUS:

1. Full exemption from excise duty is being provided to food preparations containing fruits and vegetables falling under Chapter 20, which are prepared in a hotel, restaurant or a retail outlet, whether or not such food is consumed in such hotels/restaurants/retail outlets.
2. Excise duty on parts of mobile phones, other than those cleared to a manufacturer of mobile phones, is being reduced from 10% to 2%, provided no Cenvat credit is taken.
3. Excise duty is being reduced from 10% to 6% on:
 - (a) Matches manufactured by semi-mechanized units
 - (c) Processed food products of soya
4. Exemption from excise duty is being restored on intra ocular lens.
5. Enhancement the rate of excise duty from 5% to 6% on certain goods and from 22% to 24% and from “22%+ Rs.15000 per vehicle” to 27% on certain categories of automobiles. The composite rate applicable to automobile chassis is being converted into an *ad valorem* rate and is being fixed at 15% or 25%.

Note: - All the above amendments shall be effective from immediate effect.

End