Ahmedabad

Baroda

Mumbai

Rajkot

Dhirubhai Shah & Doshi
Chartered Accountants

CONTACT US

Head Office

4th Floor "Aditya",
Nr. Mithakhali Six Roads,
Ellisbridge,
Ahmedabad – 380006.

Tel. No.: 079-2640 3326
Telefax: 079-2640 3325

Email : dshahco@dbsgroup.in

UNION BUDGET 2015

"Short of words long on hopes"

Contents

1. Budget Impressions 03 -03
2. Economic Highlights 04-04
3. Key Reforms 05-05
4. Measures for Doing Business With Ease 06-06
5. Direct Tax Proposals
    A. Rate Card 07-09
    B. Personal Taxes 10-11
    C. Corporate Taxes 12-14
    D. Incentives & Relief 15-15
    E. Other Proposals 16-17
6. Indirect Tax Proposals
    A. Excise 18-21
    B. Service Tax 22-25
    C. Customs 26-29
7. Key Sectoral Analysis 30-31
8. Highlights of Gujarat Budget 32-32
9. Key Announcements of Railway Budget 33-33

Budget Impressions

Dear All, we are happy to present before you, brief snippets of Budget 2015. Although no budget can be perfect, this in our opinion would go down as slightly below par. A reason that could possibly be is the built up of large-scale expectations, or the fact that this government does not wait for particular days to make the big announcements and rather make reforms on a more regular basis but either ways it falls short of the expectations considering the massive mandate given to the existing government. Positives though in this budget are announcements on the much awaited GST from 1st April, 2016 and postponement of GAAR which will definitely improve the sentiments of the industry

The Finance Minister has acknowledged a breach in fiscal deficit targets. However he has ensured through various policies to limit leakages and spend on sectors with high multiplier effects on the economy. The reduction in Corporate tax rate from 30% to 25% over a four years period is very appreciable however there should have been some kind of reduction in year one to give a message of implementation and not a mere promise. Abolishing Wealth Tax and instead levying tax on super rich is a very good move. Many of us were afraid of the inheritance tax to be imposed, ironically entire wealth tax has been abolished which is really surprising and a welcome move from the perspective of an assessee.

New laws with stringent conditions and consequences like imprisonment, on black money will be introduced soon (domestic as well as international). Also concealing any kind of income will be very dreadful with the consequences proposed in the budget. We all are aware about the practical difficulties when it comes to differing views on concealment, as tax officers believe everything under the sun has been concealed by the tax payers. So tackling this will be a very big challenge for the assessee's.

However, I am extremely disappointed with almost nothing being offered to general public at large. Basic exemption and Section 80C limits have not been revisited. Much awaited benefits in the form of relief in housing loan deduction limits, LTC, restoration of standard deduction, etc. have completely been ignored. Increase in excise as well as service tax rates without any corresponding tax reduction or benefits are not a welcome move. Until the GST gets formally introduced wherein once can take the advantage of full credit system we believe that service tax should not have been increased. The Finance Minister has not touched upon at all on the subject of MAT especially in sectors like infra and SEZ or new manufacturing units which most would agree should have been a part of his budget.

Economic Highlights

Total Planned Expenditure
INR 17.77 Lakh Crore (Approx)

Total Revenue from Taxes	Revenue from other sources	Resultant Deficit
INR 14.50 Lakh Crore	INR 2.22 Lakh Crore	INR 1.05 Lakh Crore

- Decline in fiscal deficit from 5.7% in 2013-14 to 4.5% in 2014-15 mainly achieved by reduction in expenditure rather than by way of realization of higher revenue. The finance minister is quite optimistic to achieve the said target by March 31, 2015
- The Target Fiscal deficit for the year FY 15-16 is 3.9%
- India is fastest growing large economy in the World with a real GDP growth expected to be 7.4% (As per New Series)
- GDP growth in 2015-16, projected to be between 8 to 8.5%
- Focus on cutting subsidy leakages, not subsidies themselves by the process of rationalizing subsidies.
- Implementation of key projects and schemes such as Make in India, Swachh Bharat Mission, GST implementation, Atal Pension Yojana and Jan Suraksha will be key to India's long term progress
- Micro Units Development Refinance Agency (MUDRA) Bank to be created with a corpus of INR 20,000 crores with lending priority to SC/ST enterprise
- Major thrust on Infrastructure spending and reviving the infra sector

Key Reforms

Synopsis of key reforms that will have an impact on the long term prospects of the country:

- The black money crackdown plan
- FM proposes Tax free infra bonds
- Bankruptcy law reform has been identified as a key to ease of doing business. Comprehensive Bankruptcy code to be implemented in FY 2015-16
- Pradhan Mantri Jeevan Jyoti Bima Yojana – INR 12 premium p.a. for INR 2 Lacs accidental coverage
- NBFCs registered with RBI above INR 5,000 Cr. to be considered Financial Institutions
- Employees contribution to EPF to be optional
- Public procurement law to be introduced
- Public contracts resolution bill to be introduced
- Rupee Debit Cards to be incentivized, to move towards paperless transactions
- Regulatory reform law for infrastructure development
- To launch National Skills Mission to boost jobs
- Committed to bring an Universal social security system for all
- New Debt Management Agency to be formed
- Foreign tax credit rules and procedure for granting tax credit of taxes paid in foreign countries to be notified.

Measures for doing business with ease

Procedural Simplicity and Ease of Compliances

- Registrations to be obtained for various tax compliances to be made simplified and faster
- Thresh hold limit for applicability of Provisions of Domestic Transfer Pricing increased from INR 50 MN to INR 200 MN
- Wealth Tax abolished from FY 15-16. This would reduce the compliance burden associated with maintaining of records and filing of wealth tax returns
- An expert committee to be appointed for implanting of systems wherein multiple prior permissions to be obtained by start ups would be replaced by a pre-existing regulatory mechanism.
- Reduction in litigation as provisions introduced to prevent the tax authorities to appeal on matters that are in favour of the taxpayers where identical question of law is pending before the supreme court
- Visa on arrival to be extended to 150 countries
- Records can be maintained electronically and invoices can be signed digitally and sent across.
- Scheme of Advance Rulings to be made available for Indian Companies as well for indirect taxes
- Education cess as well as Secondary and Higher education cess to be clubbed with the primary tax to facilitate with the GST
- Seized cash can be adjusted towards assessee's tax liabilities
- Direct Tax Code has decided to be abolished and necessary provisions that are required shall be clubbed in the Finance Act itself thereby reducing the burden of implementation of a new tax regime
- General Anti Avoidance Regulations (GAAR) delayed for another two years
- Goods and Service Tax i.e. GST to be made applicable from 1.4.2016

Direct Tax Proposals

Rate Card

(1/3)

For individuals, HUF& BOI

Gross Total Income	Tax Rate
Up to INR 2,50,000	Nil
INR 2,50,001 to INR 5,00,000	10%
INR 5,00,001 to INR 10,00,000	20%
Above INR 10,00,000	30%

In case of Resident Individual of the Age of 60-80 years:

Gross Total Income	Tax Rate
Up to INR 3,00,000	Nil
INR 3,00,001 to INR 5,00,000	10%
INR 5,00,001 to INR 10,00,000	20%
Above INR 10,00,000	30%

In case the Resident Individual of the age 80 years & above:

Gross Total Income	Tax Rate
Up to INR 5,00,000	Nil
INR 5,00,001 to INR 10,00,000	20%
Above INR 10,00,000	30%

For Co-operative Societies and Non-Profit Organization

Particulars	Tax Rate
Up to INR 10,000	10%
INR 10,001 to INR 20,000	20%
Above INR 20,001	30%

Corporate Tax Rate Card

Particulars	Tax Rate
Tax Rate for Domestic Companies	30%
Tax Rate for Foreign Companies	40%
Tax Rate for Partnership Firms, LLP's	30%
Societies Other Than Co-operative Societies	30%

- Rate of tax as per above chart in case of Corporates are flat rates (excluding S.C. & Cess)
- Wealth Tax Act, 1957 abolished with effect from Financial Year 2015-16
- Education cess is applicable @ 3%.
- Relief for Tax Payers in the first bracket of INR 2.50 lakhs to INR 5 Lakhs – A Tax Credit of INR 2000 or tax whichever is less to individuals with total income up to INR 5 lakhs.

Direct Tax Proposals Rate Card (2/3)

Surcharge

Assessee	Income Range	Surcharge
Domestic Company	Up to INR 1 Cr	Nil
	INR 1 Cr to INR 10 Cr	7%
	Above INR 10 Cr	12%
Foreign Company	Up to INR 1 Cr	Nil
	INR 1 Cr to INR 10 Cr	2%
	Above INR 10 Cr	5%
Non Corporate	Up to INR 1 Cr	Nil
	Above INR 1 Cr	12%

Consequential effect on various taxes due to change in surcharge

Taxes	Income Range	Surcharge
Dividend Distribution Tax (after grossing up)	Up to INR 1 Cr	17.65%
	INR 1 Cr to INR 10 Cr	18.89%
	Above INR 10 Cr	19.77%
Minimum Alternate Tax	Up to INR 1 Cr	18.50%
	INR 1 Cr to INR 10 Cr	19.80%
	Above INR 10 Cr	20.72%
Alternate Minimum Tax	Up to INR 1 Cr	18.50%
	Above INR 1 Cr	20.72%
Maximum Marginal rate	-	34.61%

Rates of STT (Securities Transaction Tax)

Sr. No	Security Transaction Tax	Payable by whom	Rates
1	Purchase/Sale of equity shares (delivery based)	Purchaser/ Seller	0.1%
2	Purchase of units of equity-oriented mutual fund(delivery based)	Purchaser	Nil
3	Sales of units of equity-oriented mutual fund	Seller	0.001%
4	Sale of equity shares, units of equity-oriented mutual fund(non-delivery based)	Seller	0.025%
5	Sale of an option in securities	Seller	0.017%
6	Sale of option in securities, where option is exercised	Purchaser	0.125%
7	Sale of future in securities	Seller	0.01%
8	Sale of unit of equity oriented funds to Mutual Fund	Seller	0.001%
9	Sale of a commodity derivative	Seller	0.01%

Direct Tax Proposals

Rate Card (3/3)

Withholding Rates for Non Residents :

Nature of Income	Tax Rates
Dividend (other than Dividend on which DDT has been paid)	20%
Interest received on loans given in foreign currency	20%
Income received in respect of units purchased in foreign currency of specified mutual funds/ UTI	20%
Sports persons and entertainers	20%
Interest received on notified infrastructure bond	5%
Interest on FCCB, FCEB/ Dividend on GDR"s	10%
Royalty / Fees for technical fees (Earlier 25%)	10%
Interest income received by FII or QFI on rupee denominated bonds or government securities	5%
Distributed income in the nature of interest received by unit holder form the business trust	5%
Interest received form Indian Company or Business Trust on monies borrowed in foreign currency and approved by the Central government	5%

Presumptive tax for all Resident Assessee:

Business Type	Rate at which the income is presumed
Small Business	8% of the gross turnover
Plying, hiring, leasing good carriages (person should not own over ten good carriage at any time during the previous year	An uniform amount of INR 7,500 for every month (or part of a month) for all types of goods carriage without any distinction between HGV and vehicle other than HGV.

Capital Gain Rates:

Gross Total Income	Short Term	Long term
Purchase sale of equity shares on which STT has been paid	15%	Nil
Sale of any other asset other than as mentioned above		
Individuals	As per the slab rates	
Firms & LLP's	30%	20 % with indexation: 10% without indexation in case of listed securities and zero coupon bonds (other than units).
Companies	30%	
Foreign Companies	40%	
Local authority	30%	
Co-operative societies	As per the slab rates	
Overseas Financial Organizations specified in section 115AB	40%(corporate) 30%(Non-Corporate)	10%
FII's	30%	10%

Direct Tax Proposals

Personal Taxes

- Any amount paid towards "Sukanya Samruddhi Account Scheme" for the girl child would be allowed as deduction under section 80C. *This amendment shall take place from the Financial Year 2014-15 (Benefit available for the current year also)*. The interest accruing on such deposits and withdrawals from the said scheme would be exempt under section 10(11A). However such amount contributed shall be within the overall limit of section 80 C i.e. INR 1,50,000.

- The limit of deduction for assessee's *(including family members)* in respect of health insurance premium for mediclaim (section 80D) has been increased to INR 25,000 from INR 15,000 and limit of deduction in case of senior citizens (age between 60 years to 79 years) and very senior citizen (age of 80 years and above) has been increased to INR 30,000 from INR 20,000.

- Under section 80G i.e. Donation to certain funds, charitable institutions etc. the taxpayers will now be allowed a deduction of 100% in respect of the sum donated to certain additional projects (other than the sum spent by such assesse in pursuance of Corporate Social Responsibility under the Companies Act, 2013). This clause shall be applicable for donations made for the *Financial Year 2014-15 as well*. The following funds/projects/trusts shall now be permissible for donations made under section 80 G

  - Swachh Bharat Kosh
  - Clean Ganga Fund (only for residents)
  - The National Fund for Control of Drug Abuse

- Any contribution to prescribed annuity/pension plan *of life Insurance Corporation* or other insurers has gone up from INR 1,00,000 to INR 1,50,000 under section 80CCC i.e. contribution to various pension schemes.

- Similar provisions are introduced in regards to amounts paid towards new pension scheme notified by central government under section 80CCD.

- However, overall ceiling limit for these amounts would be governed by section 80 CCE which restricts the limit of deduction towards these contribution made in aggregation under section 80 C, 80 CCC and 80 CCD to INR 1,50,000.

- For persons suffering from certain disabilities, the limit of deduction towards amounts expended for such disabilities is raised to INR 75,000 from the previous limit of INR 50,000 (section 80U) and where such independent persons are suffering from severe disability then the limit of deduction will be raised to INR 1,25,000. One needs to refer to the Income Tax Rules to find out whether a particular disability is covered under this particular section or not.

Direct Tax Proposals

Personal Taxes

- In respect of dependent persons suffering from disability (Section 80DD) The limit of deduction to the taxpayer for the amount spent after the dependent person is raised to INR 75,000 from the previous limit of INR 50,000 and where such dependent person is a person suffering from severe disability, then the limit has increased to INR 1,25,000.

- Deduction of tax @10% on premature withdrawal of any amount from the employee's share of provident fund where such payment exceeds INR 30,000. Where the employee has not quoted his PAN, the deduction of tax will be required to be made at the applicable maximum marginal rate. (effective from 1st June 2015)

- Curbing mechanism by proposing that no person will accept/repay from any person any loan/deposits/advances, in relation to transfer of immovable property, in cash for INR 20,000 or more. This move is intended to curb generation of black money by way of dealing in cash in immovable property.

- Splitting of deposits will not be allowed for the purpose of computing the permissible limits under TDS provisions. Deposits placed with all/any branches of a particular bank will be clubbed for the purpose of considering the limits under TDS provisions. Thus, TDS will now be deducted on aggregate of interest received by the taxpayer on all the deposits placed at various branches of a particular bank.

- For very senior citizens the limit of deduction for the medical treatment of certain chronic diseases such as Cancer, AIDS, Thalassemia, etc. (i.e. Section 80DDB) is increased to INR 80,000 from the earlier limit of INR 40,000. Deduction under this section shall not be allowed unless the taxpayer obtains the prescription from a specialist (Government Hospital not mandatory).

- Exemption limit for transport allowance granted to an employee is to be increased to INR 1600 p.m. from INR 800 p.m.

- Onerous responsibilities have been proposed on Employers making them responsible for obtaining evidence of deductions / exemptions / set-off of certain losses of employees for computing the amount of TDS.

Direct Tax Proposals

Corporate Taxes (1/3)

- No change in corporate tax structure for the F.Y. 2015-16. However, proposal for reduction of corporate tax rate from 30% to 25% will take place in a phased manner over a period of 4 years.
- Persons responsible for paying any sum to a non resident to furnish relevant declaration and information irrespective of whether such sum is chargeable to tax or not. Any non compliance in this matter shall attract a penalty of INR 1 lakh per transaction.
- Capital Gain exemption has been provided in respect of certain transfers arising from amalgamation/merger of two foreign companies where the shares of transferor companies derives its value substantially from assets located in India, on fulfilment of certain conditions
- Short-term capital gain of Foreign Institutional Investors on which STT is paid is excluded while computing MAT liability. Even the corresponding expenditure claimed will be added back while computing MAT liability.

- Presence of fund manager in India would not result in existence of business connection of Foreign Investment funds in India. Hence the question of taxing the global income of Foreign Investment Funds on the account of Permanent Establishment would not arise.

- In case of domestic demerger, it is now expressly provided that cost of capital assets transferred to the resulting company should be the cost of such assets to the demerged company. Further the period of holding of such assets by the resulting company to include the period of holding of the demerged company for classification of long term and short term capital asset

- ***Taxation of SEBI Registered Alternative Investment Funds (AIF):*** All income (other than business income) earned by AIF would be taxable in the hands of the investor as if the investment was made directly by them. Whereas entire business income would be taxed in the hands of the AIF. AIF will deduct 10% on all incomes distributed to unit holders (Except business income since already taxed). Thus no DDT on income distributed to unit holders of AIF.

- T***axation relating to REITS:***
  A) At the time of disposal of the units. the sponsor of Infrastructure Investment Trust or Real Estate Investment Trusts (REITS) would get the benefit of concessional tax regime @ 15% on STCG & exemption on LTCG under section 10(38) at par with other investors
  B) The rental Income arising to REIT from real estate held directly by REIT will be exempt in the hands of REIT and charged as tax in the hands of unit holder on distribution of such income
  C) Further, on account of pass through to REITS, the tenant or the lessee will not have to deduct any TDS on rental payment to the REIT however, tax shall be deducted @ 10% on distribution of income to the resident unit holder and at a rate notified later to non resident unit holders

Direct Tax Proposals

Corporate Taxes

(2/3)

Clarifications putting litigations at rest:

1) Remaining additional depreciation claim can be taken in the immediate succeeding year:

Clarification has been provided on availability on balance of additional depreciation (i.e. 10%) granted to manufacturing companies in case where the assets are put to use for less than 180 days. Thus the remaining 10% additional depreciation does not lapse and can be claimed in the succeeding year where assets have been purchased and put to use for less than 180 days in the year of purchase. This is now a legislative clarification and hence we believe it should be retrospectively applied. This would bring in the much needed clarity and rationalize the provisions relating to availability of additional depreciation in case where the assets are put to use for less than 180 days.

2) Concept of Place of Effective management has been introduced (POEM):

This provision is in regards to Residential status of a Company. Thus a Company will be decided as a resident in India if the place of effective management is in India. Now effective management will also include the place where important decisions are taken, place where Board of Directors meeting take place, or may be a foreign company having a branch in India. Thus it means a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are in substance made. In all these cases, the status of foreign companies will be treated as Indian Company and will be subjected to tax on global income in India subject to DTAA. Thus there is a possibility of Companies which were earlier being considered as Foreign Companies may be treated as Indian Companies and consequentially widen the scope of taxability of such Companies.

3) Clarification relating to Indirect transfer provisions:

Clarity relating to provisions pertaining to indirect transfer of assets has been given by explaining the meaning of "substantial interest". A foreign entity is said to be deriving substantial value of its shares from assets located in India if the value of Indian assets held directly / indirectly by it exceeds INR 10 Crores and represent at least 50% of the value of all the assets owned by it. Further, the value of assets shall mean the market value of assets without reducing the liabilities This provision is a welcome move for the foreign investors' community as it provides the much needed clarity by removing the uncertainty and litigation surrounding the issue of taxability of indirect transfer of shares. This puts to rest many cases which were affected on account of "Vodafone" judgment

Direct Tax Proposals

Corporate Taxes

(3/3)

4) Concealment Penalty under (Section 271(1)(C)) when tax is required to paid under MAT:

It was decided in the case of Nalwa & Sons by their Lordships of Supreme Court that if assessee is required to pay tax under MAT in spite of additions made under regular assessment, then no penalty under sec. 271(1)(c) can be charged. Thus the amendment seeks to overrule the said decision and now penalty will be charged in respect of additions made in regular assessment even though tax is payable under MAT.

5) Rationalization of MAT effect in case of cascading effect of income from AOP:

As per the current provisions, the share of income from AOP to the company was taxable under MAT provisions. This results in to double taxation as Income was already being subject to tax in an AOP. Now, this anomaly has been resurrected and while computing the MAT, the income of the AOP which is credited to Profit and Loss account shall be reduced from the Book Profits while computing MAT of the Company. Consequentially, the corresponding expenditure debited to the profit & loss account shall be added back.

6) Levy of late filing fees for delay in submission of TDS returns u/s. 234E gets a node in this Budget:

Under the existing provisions, if there has been delay in submission of quarterly TDS returns; then additional filing fees (which is penal in nature) was imposed which is INR 200 per day till the time the return is being filed with the I. Tax department. The said levy was found to be very harsh across the industry players and the constitutional validity of the said provision had been challenged in the Courts of Law. It is pertinent to note that there are lot of cases in the captioned subject matter which are going on currently at different State High Courts. Now, this Bill has put at rest this matter and affirms the collection of the levy.

Direct Tax Proposals

Incentives & Relief

Additional deduction for generation of employment of new workmen: (Section 80JJAA)

- Earlier deduction was available to only corporate assessees having manufacturing units & the quantum of deduction was equal to 30% of additional wages paid to new regular workmen in excess of 100 workmen employed during the previous year.

- Now the Benefit of deduction for additional wages paid to new workmen extended to all assesses having manufacturing units instead of corporate assessee only. Further in order to enable the smaller units to claim this incentive, the number of workmen employed during the previous year has been reduced to 50 instead of 100 regular workmen.

Investment allowance on acquisition of new assets in the State of Andra Pradesh & Telangana:

- The Finance Act 2015 allowed a deduction of 15% of the cost of new assets acquired & installed by the assessee for manufacture or production of article or thing in any notified backward areas in the State of Andhra Pradesh & Telangana & such new assets acquired & installed during the period beginning from 1st April 2015 to 31st March 2020. The lock in period for transfer of such asset is 5 years but this would not be applicable in case of amalgamating or demerged company. This deduction shall be available over & above the existing deduction available for investment in new plant & machinery as per section 32AC i.e. 15% of the cost of Plant & Machinery exceeding INR 100 crore.

- The higher additional depreciation for the plants & machinery will be available @ 35% (instead of 20%) in respect of the actual cost of new plant or machinery acquired & installed by a manufacturing undertaking or enterprise which is set up in backward area of the State of Andhra Pradesh or the State of Telangana on or after 1st day of April, 2015. Such benefit would be extended upto 1st April 2020.

Additional conditions prescribed to be fulfilled by the approved in-house R&D facility :

- Section 35(2AB) provides for 200% weighted deduction in relation to expenditure incurred on approved in-house R&D facility subject to conditions.

  It is proposed that to avail the benefit, the company shall have to fulfil such conditions with regard to maintenance of accounts and audit thereof and furnishing of reports in such manner as may be prescribed.

Direct Tax Proposals

Other Proposals

(1/1)

- **Amendments in respect to Charitable Trusts:**

  The *"yoga activities"* are also covered in the definition of "charitable purpose". Hence, the trust carrying the yoga activities can be now granted exemption consequentially their income to be classified as exempt.

  In respect of a charitable trust, when activities in the nature of trade, commerce or business does not exceed 20% of the total receipts of the trust (total receipts derived by carrying on by advancement of objects of general public activity), then all the activities of the trust to be considered as activities for charitable purpose. Earlier the capping limit for activities in nature of trade commerce and business was kept at INR 25 lakhs.

  To remove the ambiguity of filing *Form 10 (i.e. Form pertaining to application for accumulation of funds by charitable trusts)*, it has been amended that Form 10 shall be *filled on or before the due date of filling return*. Further the benefit of 15% accumulation would not be available if return of income is not furnished before the due date of filling return.

- **TDS on interest paid to members of Co operative Bank:**
  If assessee has a deposit with a co-operative bank which is always owned by a Co-operative society, then TDS will apply in respect of interest paid by the Co-operative Bank to its members. Earlier, it was possible for a member of co-operative bank to claim exemption from TDS in respect of interest received from the Bank as a member but now as per the amendment, TDS will have to be made in respect of such deposits

- **TDS on payments made to Transporters:**
  At present, if a payment is made to a transport operator then there is no liability of TDS under Section 194C. However, it is proposed to amend section 194C to provide that no TDS liability will arise, but only in cases where the transport operator issues a certificate that he is not the owner of more than 10 vehicles / fleet. Now various procedural issues may arise on account of claiming the benefit of not making TDS as mentioned under this section.

- **TCS Provisions Rationalised:**
  TCS provisions are rationalised and brought in part with the TDS provisions. Further delay in payment of TCS will attract only a singly levy of interest

- **Reassessment cases made difficult :**
  The bill provides when the original assessment is completed (even if u/s 143(1) i.e. summary assessment) then such assessment cannot be reopened after the period of 4 years without taking prior approval of Chief Commissioner who has to form the opinion that condition specified u/s 147 is satisfied i.e. conditions under which re-assessment can take place. For reopening of cases within a period of 4 years only the permission of Joint Commissioner is required

Direct Tax Proposals

Other Proposals

(2/2)

- **Revision by Commissioner for orders passed by Assessing Officer:**

At present, the commissioner of Income Tax has power to revise the order passed by the Assessing Officer within a period of 2 years, provided the assessment order is erroneous so far as it is prejudicial to the interest of revenue. The judicial opinion was unanimous, i.e., to revise an assessment order two conditions must be fulfilled:

1. The order is erroneous and
2. It is prejudicial to the interest of revenue

Thus, the matter in relation to "erroneous so far as prejudicial to the interest of the revenue" was considered to be highly contentious. The provisions in this budget have tried to put at rest this litigation, by clarifying that commissioner has a right to revise the order and error can be considered under one or more of the following circumstances:

a) Order passed without making inquiries or verification
b) Order allowing certain reliefs without corresponding inquiries about the claim
c) Order not made in accordance with the CBDT directions
d) Any order made which is prejudicial to the interests of the revenue

These amendments give vast powers to the Commissioner of Income Tax to revise any order under section 263 and are prejudicial to the interest of assessee's time and monies.

- **Assessment of income of any other person than the person who has been searched:**

Section 153 C of the Act relates to assessment of income of any other person. At present during the course of a search operation, if the books of accounts or documents or any other assets "***belonging"*** to any other person are seized, then the assessment of such other person to whom such documents belong to will be made for 6 years. Thus the current provisions of Income tax refer to the books of accounts or documents ***"belonging to other person"***. The judicial opinion was that the books of accounts or documents should be owned by that other person in view of interpretation of the words belonging to any other person. Now, the bill provides that if assessing officer is satisfied that any documents, books of accounts, bullion, jewellery, etc. seized ***pertains*** to any other person, then even such person can be subjected to assessment for 6 years irrespective of the fact that such documents are owned by the other person or not.

The effective date of applicability of the amendments under the direct taxes unless specifically mentioned otherwise in this presentation shall be June 01 2015

Indirect Tax Proposals

Excise Duty

(1/4)

General

- Effective median excise duty rate increased from 12.36% to 12.50% effective from 1st March, 2015.
- Education Cess and Secondary & Higher Education Cess leviable on excisable goods are being fully exempted.

Amendments in Rates, abatements and exemptions of Central Excise :

Clean Energy Cess levied on coal and lignite.	Effective Rate increased from INR 100 to INR 200 per tonne. Education Cess and Secondary and Higher Education Cess levied on Clean Energy Cess are exempted. The same will be effective from 01-03-2015
Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matters or flavored	Rate increased from 12% to 18%.
For Cigarettes of length not exceeding 65mm For Cigarettes of other lengths.	Rate increased by 25%. Rate increased by 15%
Cut Tabacco	Rate increased from INR 60 to INR 70 per Kg.
Portland Cement	Rate increased from INR 900 to INR 1000 per tonne
High Speed Diesel	Rate increased from 14% + INR 5 per litre to 14% + INR 15 per litre. However, there is no change in aggregate of various duties of excise on High speed diesel.
Mobile Phones	Duty increased from 6% to12.5% (CENVAT on inputs is available.)
Tablet Computers	Duty without CENVAT credit – 2% Duty with CENVAT credit – 12.5% Excise duty on Parts, components or accessories of Tablet computers and sub-parts, components or accessories of manufacture of such parts are **exempted**, subject to actual user conditions
Sacks and Bags of polymers of Ethylene other than for industrial use	Duty increased to 15%
Sacks and Bags of plastics	Rate increased from 12% to 18%

Indirect Tax Proposals

Excise Duty

(2/4)

Condensed milk in unit containers	Duty without CENVAT credit – 2% Duty with CENVAT credit – 6% Abatement in retail sale price of 30%
Peanut butter	Duty without CENVAT credit – 2% Duty with CENVAT credit – 6%
Solar water heater and system	Duty without CENVAT credit – NIL Duty with CENVAT credit- 12.5%
Instant Tea, Iced Tea	Abatement in Retail sale Price of 30%
LED Lights/Lamps	Abatement in Retail sale Price of 35%
Lemonade and Other beverages	Abatement in Retail sale Price of 35%
Chassis for ambulances	Duty reduced from 24% to 12.5% subject to actual user condition
Goods used in manufacture of electrically operated vehicles and hybrid vehicles	Reduced Duty equal to 6% is extended up to 31.03.2016
Wafers for manufacture of integrated circuit modules for smart cards	Duty reduced from 12% to 6%. subject to actual user condition
Inputs for use in manufacture of LED drivers, lights and lamps	Duty reduced from 12% to 6% subject to actual user condition
Leather Footwear with uppers made of leather of Retail sale price of INR 1000 or more	Duty reduced from 12% to 6%
Raw materials used in manufacture of pacemakers	Exempted from payment of Excise duty.
Pig iron S G grade and Ferro-silicon-magnesium for manufacture of Cast components used in wind operated electricity generators	Exempted from payment of Excise duty, subject to certification by Ministry of New and Renewable Energy.
Round copper wire and tin alloys for manufacture of Solar P.V ribbons used in Solar P.V cells	Exempted from payment of Excise duty, subject to certification by Department of Electronics and Information Technology.
For captively consumed intermediate compound generated during manufactured of Agarbattis	Exempted from payment Excise duty
Goods used in project for which certificate regarding Ultra Mega Power Project is provisional	The term period of Bank Guarantee or Fixed deposit receipts to be furnished is extended to 42 months

Indirect Tax Proposals

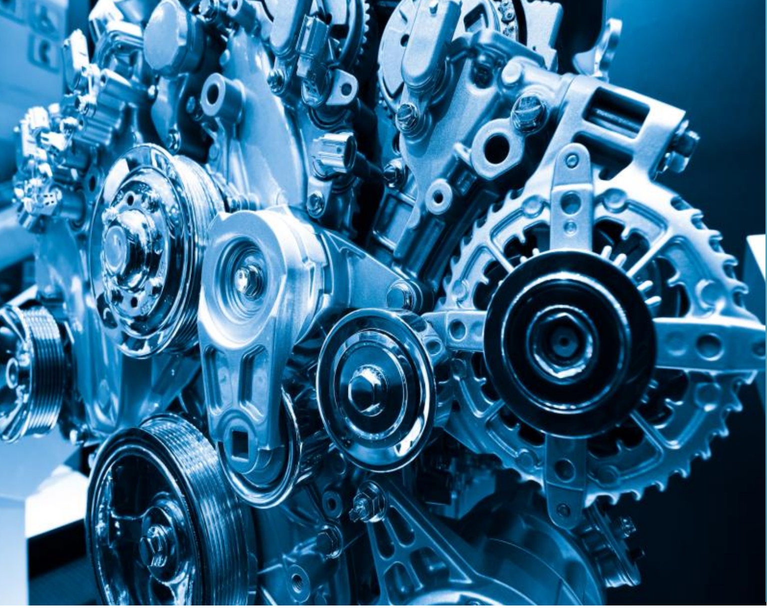
Excise Duty

(3/4)

Goods used in project for which certificate regarding Mega Power Project is provisional	The term period of Bank Guarantee or Fixed deposit receipts to be furnished is extended to 66 months.
Imported Goods eligible for Nil basic customs duty and Nil Chemical Vapor Deposition	These are Subject to certain Conditions, which shall also apply as it as to such goods manufactured domestically and supplied for International Competitive Bidding for availing exemption under excise.

Other Amendments:

- Credit allowed to be taken on inputs and inputs services is now 1 year from the date of the document as per rule 9, i.e., invoice, challan, etc. instead of 6 months. ***(with immediate effect from 01-03-2015)***
- Credit of inputs and capital goods will now be available upon receipt of goods directly at job worker's premises on direction by the manufacturer. Futher CENVAT credit on inputs will be allowable even on subsequent transfer from principal job worker to the other job worker premises provided these goods are returned back within 180 days.
- Increase in time limit for return of capital goods from the job worker's premises from 180 days to 2 years.
- Value of non excisable goods cleared for a consideration to be included in the value of exempted goods for the purpose of computation of reversal of CENVAT credit.
- Powers given to Cental Excise officers for recovery even in cases where CENVAT credit has been wrongly taken but not utilized.
- Provisions of advance ruling now available with domestic companies as well. ***(with immediate effect from 01-03-2015)***
- Digitally signed invoices can be issued along with the option to keep the records in electronic form.Such provisions shall be subject to conditions and procedures to be notified by CBEC.



Indirect Tax Proposals

Excise Duty

(4/4)

<u>Penalties rationalized</u>

New provisions under Section 11AC are as under:

Cases not involving Fraud, collusion, wilful mis-statement etc.

Condition	Penalty
Duty and interest is paid either before issue of show cause notice or within 30 days of issue of show cause notice	No penalty
Duty paid but interest is not paid before issue of show cause notice	Penalty not exceeding 10% of the Duty so determined or INR 5000 whichever is higher
Duty and interest is paid within 30 days of the date of communication of order of the Central Excise Officer	25% of the penalty so imposed if reduced penalty is also paid within 30 days of the date of communication of such order
Duty and interest is paid within 30 days of appellate order.	25% of the penalty so imposed if reduced penalty is also paid within 30 days of the date of appellate order.

Cases involving Fraud, collusion, wilful mis-statement etc.

Condition	Penalty
Duty & interest paid within 30 days of issue of show cause notice	Penalty equal to 15% of Duty demanded, if reduced penalty is paid within 30 days of the date of issue of show cause notice
Duty and interest is paid within 30 days of the date of communication of order of the Central Excise Officer	25% of the penalty so imposed if reduced penalty is also paid within 30 days of the date of communication of such order
Duty and interest is paid within 30 days of appellate order.	25% of the penalty so imposed if reduced penalty is also paid within 30 days of the date of appellate order.
Any other cases	Penalty equal to Duty so determined

Indirect Tax Proposals

Service Tax

(1/4)

Change in the effective rate of service tax

- Effective service tax rate has been changed from 12.36% to 14% (effective from a date to be notified by the Central Government). Education and higher education cess have been absorbed in this revised increased rate of service tax.

- A Swachh Bharat cess at the rate of 2% (on all or any of the value taxable services) is proposed to be levied from a date as may be notified by Central Government in this regards.

- In respect of services provided by money changers, air travel agents, insurance agents and lottery distributors who were previously paying service tax under special alternative methods shall continue to pay service tax under those options with the proportionate increase in the rate (12.36% to 14% i.e. abatement percentage to be applied on 14%, i.e. the new rate).

Following services have been included under the ambit of service tax regime:

- Access to amusement facility or admission to entertainment events, if the fees charged for admission to such events is more than INR 500. However, it is worth noting that the following entertainment events are **yet not included** under the purview of service tax:

    1. Exhibition of cinematographic films (Theatres or Multiplexes)
    2. Circus
    3. Recognized sporting events
    4. Dance Performances
    5. Theatrical performances including drama and ballets

- Services provided by way of carrying out any processes for production or manufacture of alcoholic liquor for human consumption (i.e. contract manufacturing or job work for production of liquor).

- All Services provided by Government or local authority (Earlier only support services were included in this limb) to any business entity except those services which are specifically exempted or mentioned under the Negative List.

- Lottery distributor services to the extent of amount retained by distributor from the gross sale proceeds or the amount of discount received by way of difference between face value of tickets and the price at which the distributor gets such tickets.

- Service tax will be charged on the services provided in relation to telephone calls being allowed to be made at the airport and hospitals. Thus airports and hospitals will now have to pay service tax on their telephone bills.

Indirect Tax Proposals

Service Tax

(2/4)

- Services in relation to use of public telephone run by department and guaranteed public telephones operating only local calls will also be subject to service tax.

- Services rendered to ports or airports in relation to construction, erection, commissioning or installation of original works.

- Services rendered to Government and local authority in relation to Construction, erection, commissioning provided the same does not pertain to:
  1. Historical Monument or Archaeological sites
  2. Canals, Dams or other irrigation works
  3. Pipelines or plant for water supply, water treatment or sewerage treatment

- Services provided by any artist performing in folk or classical form of music, dance or theatre, if the amount charged is more than INR 1,00,000.

Following services have been specifically excluded from the purview of Service tax:

- Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing or labelling of fruits and vegetables.

- Services provided by a Common Effluent Treatment Plant Operator for treatment of waste.

- Life Insurance services provided by way of Varishtha Pension BimaYojna.

- Services provided by a clinical establishment by way of transportation of a patient. It includes all the ambulance services.

- Admission to a museum, zoo, national park, wild life sanctuary and a tiger reserve.

- Service provided by a Goods Transport Agency for transportation of goods to be exported from the place of removal (factory) to the land customs station *(Earlier only Container depot's ports or airports were considered now land stations also covered).*

Indirect Tax Proposals

Service Tax

(3/4)

Rationalization of Penalty provisions:

- In cases where notice has been served in case of short levy, or short payment or erroneous refund is due to a reason:

Other than fraud	Of fraud or collusion
Maximum Penalty amount is 10% of service tax	Penalty amount is 100% of service tax
Provided: • No penalty – If service tax along with interest is paid within 30 days of <u>issue of notice</u> • Penalty would be 25% of penalty determined– If service tax, interest and reduced penalty paid within 30 days of <u>issue of order by Central Excise Officer or Tribunal</u>	Provided, penalty would be: • 15% of service tax amount – If service tax, interest and reduced penalty is paid within 30 days of <u>issue of notice</u> • 25% of service tax amount – If service tax, interest and reduced penalty is paid within 30 days of <u>issue of order by appellate authority</u> • <u>Transitional Provision:</u> Before the enactment of Finance Act 2015 in cases where no notice has been served or notice has been served but no order has been issued, Penalty would be levied at 50% of service tax amount.

Major Changes in Reverse Charge Mechanism Provisions: ***(with effect from 01-04-2015)***

- 100% reverse charge on manpower and security services to be levied as against present partial reverse charge at 75% of the value of services.

- Asset management companies & Mutual Funds receiving services from mutual fund agents and mutual fund distributors are liable to pay 100% tax under Reverse charge mechanism.

Indirect Tax Proposals

Service Tax

(4/4)

Other changes in Service tax Regime:

- Credit of service tax paid under partial reverse charge mechanism can now be claimed by the service receiver on the date of payment without linking it to payment to the service provider. Thus, the credit of partial reverse charge tax paid will be made available irrespective of the fact that the payment to the service provider has been made or not (Rule 4). ***(with effect from 01-04-2015)***

- Time period for receiving capital goods back from the job worker is now 2 years instead of 180 days.

- Credit allowed to be taken on inputs and inputs services is now 1 year from the date of the document as per rule 9, i.e., invoice, challan, etc. instead of 6 months. ***(with immediate effect from 01-03-2015)***

- Abatement in respect of transportation of goods and passengers by way of rail, road and vessel is proposed at a uniform rate of 70%. Service tax is required to be paid on 30% of total value(Effective rate would be 4.2%). In effect, Service tax rate on GTA services has increased from 3.09% to 4.2%.

- Service tax on air transport for passengers travelling in other than economy class shall be payable at 60% (earlier 40%) of the total value of services (Effective rate would be 8.4%).

- In respect of services provided under aggregator model e.g. by E-commerce websites, if the aggregator or any of his representative office including his agent is located in India and providing services to the vendors (Who list their products on their websites) for facilitating sales under the brand name of the aggregator; then the aggregator has a liability of paying service tax on the value charged from the vendor ***(with immediate effect from 01-03-2015).***

- Digitally signed invoices can be issued along with the option to keep the records in electronic form.Such provisions shall be subject to conditions and procedures to be notified by CBEC. ***(with immediate effect from 01-03-2015)***

Unless otherwise specifically mentioned in this presentation, all the amendments mentioned under the service tax shall be applicable from the date that will be notified by central government in due course of time.

Indirect Tax Proposals

Customs

(1/4)

General:

- The Rate of Basic Custom Duty remains same at 10%.
- When any proceeding is referred back, whether in appeal or revision or otherwise, by any court, Appellate Tribunal Authority or any other authority to the adjudicating authority for a fresh adjudication or decision, then such case shall not be entitled for settlement.

Rationalization of Penalty: (effective from the date of enactment of Finance Bill, 2015)

- The Finance Bill proposes that in case not involving fraud or collusion or wilful mis-statement or suppression of facts or contravention of any provision of the Act or rules to evade the payment of duty, no penalty shall be imposed if the amount of the interest leviable or the amount of the interest mentioned in the notice, is paid within 30 days from the date of receipt of notice and it is assumed that the proceedings are concluded.
- Moreover, it also proposes that in any case involving fraud or collusion or wilful mis-statement or suppression of facts to evade the payment of duty, the amount of penalty to be levied has been reduced to 15% from 25%.

Improper Import / confiscation of Goods
Penalty Amount: • 10% of duty sought to be evaded OR • INR 5,000 ***whichever is higher***
Provided: In cases of fraud: Penalty would be 25% of the penalty determined-If the duty such determined and interest payable thereon is paid within 30 days of the date of communication of order.

Indirect Tax Proposals

Customs

(2/4)

Changes in levy of special additional duty (SAD): (Effective immediately from 1st March 2015)

- All goods except populated printed circuit boards used in the manufacturing of ITA Bond Items are fully exempted from SAD subject to actual user condition.
- SAD on inputs for the use in manufacture of LED drivers and MCPCB of LED lights, fixtures and lamps are fully exempted subject to actual user condition.
- SAD for various inputs used in the manufacture of pacemaker is fully exempted subject to actual user condition.
- SAD on the imports of goods used in the manufacturing of Security Printing and Minting Corporation of India Limited is withdrawn.
- SAD on naphtha, ethylene dichloride, vinyl chloride monomer and styrene monomer for the manufacture of excisable goods is being reduced from 4% to 2%.
- SAD on melting scrap of iron and steel including stainless steel for melting, copper scrap, bass scrap and aluminium scrap is being reduced from 4% to 2%.

Major changes in custom duty rates: (Effective immediately from 1st March 2015)

Tariff Rates:

Particulars	Existing Tariff Rate (%)	New Tariff Rate (%)
Bituminous Coal	55%	10%
Iron and Steel and Articles of Iron and Steel	10%	15%
Motor vehicles for more than 10 persons(including driver) & Motor vehicles for transport of goods	10%	40%

Chemicals and petrochemicals:

- Basic Custom Duty on isoprene, liquefied butane, antimony metal, antimony waste and scrap being reduced from 5% to 2.5%.
- The duty on ethylene dichloride, vinyl chloride monomer and styrene monomer has been reduced to 2% from 2.5%.
- The duty on butyl acrylate and anthraquinone has reduced to 2.5% from 7.5%.
- The duty on the ulexite ore has been exempted.

Indirect Tax Proposals

Customs

(3/4)

Fertilizers:

Basic Customs Duty on sulphuric acid used for the manufacture of fertilizers is being reduced from 5% to 2.5%.

Ores and metals:

- Export Duty on Upgraded ilmenite is reduced from 5% to 2.5%.
- Basic Customs Duty on metallurgical coke is being increased from 2.5% to 5%.

Renewable Energy:

- Basic Custom Duty on evacuated tubes with three layers of solar selective coating used in the manufacturing of solar water heater and system is fully exempted.
- A concessional basic duty of 5% has been announced for the machinery required for setting up of solar energy projects.

Health:

- Basic Custom Duty and Additonal Duty of Customs have been fully exempted on import of artificial heart i.e. left ventricular assist device.

Infrastructure:

- The effective rates of additional duty of customs levied on imported Motor Spirit(Petrol) and High Speed Diesel Oil are being increased from INR 2/- to INR 6/-.

Automobiles:

- The effective basic custom duty on the motor vehicles for transport of ten persons or more persons including drivers and the motor vehicles for transport of goods has been increased to 20% from 10%.
- However, the basic custom duty on the vehicles in completely knocked down condition (including electrically operated vehicles) will continue to be taxed at 10%.
- Concessional custom duties on specified goods for used in the manufacture of electrical operated vehicles and Hybrid Motor Vehicles has been extended up to 31.03.2016.

Indirect Tax Proposals

Customs

(4/4)

ELECTRONICS /HARDWARE:

Particulars	Existing Tax Rate (%)	New Tax Rate (%)
Metal parts used in the manufacture of electrical insulators	10%	7.5%
Ethylene-Propylene-non conjugated-Diene Rubber, Water Blocking Tape and Mica Glass used in the manufacture of insulated wires and cables	10%	7.5%
Magnetron of upto 1KW used in the manufacture of domestic microwave	5%	Nil
Washcoals used in the manufacture of catalytic converters	7.5%	5%
Components used in the manufacture of specified CNC lathes machines and machining centres	7.5%	5%
Components used in the manufacture of Refrigerator Compressors	7.5%	5%
Inputs used In the manufacture of flexible medical video endoscope	5%	2.5%
HDPE used in the manufacture of telecommunication grade optical fibre	7.5%	Nil
Black light Unit Module for the manufacture of LED/LCD TV panels	10%	Nil
Organic LED TV Panels	10%	Nil
Digital Still Image Video Camera and parts and components of such cameras	10%	Nil

Miscellaneous:

- It is clarified in the budget that parts and components of cash dispensers and automatic bank notes are fully exempted from the Basic Custom Duty.
- Bulk Drugs used in the manufacture of specified drugs shall be either exempt from Basic Custom Duty or attract concessional rate at 5% of Basic Custom Duty.
- CVD exemption on import of the goods used for Security Printing and Minting Corporation of India Limited are being withdrawn.
- CVD is being fully exempted on various raw materials used in the manufacture of pacemakers.

Key Sectoral Analysis (1/2)

Infrastructure

- Government to establish National Infrastructure fund with allocation corpus of INR 20,000 crores.
- Introduction of Tax free Infrastructure bonds for investments in Infrastructure with focus on roads, railways and irrigation.
- Government to build additional 1 lakh kms of roads across India
- Spend on Infrastructure to be increased by INR 70,000 Crores
- Rationalization of Capital gains to NIL rate in contribution to REITs (Real Estate Investment Trusts)
- Credit Guarantee corpus to be formed amounting to INR 3000 Crores
- Plan to build 20 Million houses in Urban Areas and 40 Million houses in rural areas
- Swachh Bharat – Government to increase the healthcare spending by constructing 60 Million toilets across the country
- Government to allot INR 25,000 crores to rural infrastructure

Consumer Products

- Cigarettes to be costlier as excise duty to be increased by 25%
- Customs duty on LED/LCD panels reduced to NIL rate
- Excise duty on mineral water and aerated drinks increased to 18%
- Excise duty on leather footwear reduced to 6%
- Service tax hiked by 2.4% for non economy class air travel
- Increase in cost of entertainment as entry into entertainment events and other amusement facilities will be subjected to service tax

Healthcare and Social Security:

- Boost to healthcare spending by increasing the limit of mediclaim exemption to INR 25,000. The limit for senior citizens for mediclaim will be 30,000 INR. This will be entail free cash flows as well as spending
- Accidental death risk of INR 2 Lakhs for a premium of just INR 12 per year and natural death cover of INR 2 lakhs for a premium of just INR 330 per Year
- Removal of service tax on Varishtha Nagarika Bima Yojana

Key Sectoral Analysis (2/2)

Banking

- Micro Units development refinance agency (MUDRA) bank to be created for SME's and infrastructure development with an initial corpus of INR 20,000 Crores
- Comprehensive Bankruptcy Code of global standards to be brought in fiscal 2015-16 towards ease of doing business
- A Trade Receivables discounting System which will be an electronic platform for facilitating financing of trade receivables of MSMEs to be established
- Government to encourage transactions through credit and debit cards

Automobiles

- Incentivise electric vehicles by eliminating excise duty and allocating funds of INR 75 crores
- Import duty on 10 seater and above vehicles increased to 40% from 10%
- Customs duty on commercial vehicles increased to 40% from 10%

Manufacturing:

- Additional depreciation in the succeeding years in case of addition in plant & machinery purchased in the second half of the financial year. Further, additional depreciation in case of setting up units in Andhra and Telangana
- Self Employment and Talent Utilisation (SETU) program to be launched with a corpus of INR 1000 crores for supporting start up businesses
- Major impetus to the "Make in India" concept. The defence sector to be the largest beneficiary as many defence equipments to be made in India instead of importing the same. Government allocation of INR 2.5 lakh crores for defence in FY 15-16
- Now 30% additional deduction to be made available for all assessee's for employing workforce of 50 workmen

Power and Renewable sources of energy:

- Government to increase target production of renewable power to 1,75,000 Mega Watts which shall consist of Wind, Solar Biomass and Hydro
- Projects to be set up worth 60,000 Mega watts under Wind Power
- Projects to be set up worth 1,00,000 Mega Watts under Solar Power
- To set up 5 ULTRA mega power projects of 5000 MW each

Commodities

- Government to Introduce Indian made gold coins to reduce import of Gold
- Increase in clean energy cess to INR 200 per tonne of Coal
- Freight rate hiked for Cement, Coal, Iron and steel.

Gujarat Budget

Synopsis of Major Tax Proposals:

➢ Value Added Tax :

- Amidst all the tax benefits given, additional burden has been imposed on the technical textile industry. Technical textile used in industries like building, civil engineering, furniture, railways, etc. will now be taxed at the rate of 5% including additional tax.
- Tax Rate on imitation jewelry reduced to 1% (including additional tax) from the current rate of 5%.
- Oral contraceptive pills which currently attract tax @5% have now been fully exempted
- To encourage flight operators from smaller cities, the State Government has reduced tax on aviation turbine fuel from 30% (for duty paid ATF) and 38% (for bonded ATF) to 5% when sold from cities other than Ahmedabad and Vadodara.
- Special benefits have been given to the isabgul industry by exempting it from tax. It is currently being taxed at 5%.

➢ Tax Refund:

- An important effect of the Gujarat Budget has been on the Khadi Industry. Now, refund of tax will be given on cotton roving (used in manufacture of Khadi cloths) which is currently being taxed at the rate of 5%.

➢ Snapshot:

Type of Industry	Current Tax Rate	Proposed Rate
Imitation Jewelry	5% (including additional tax)	1% (Including additional tax)
Contraceptive Pills	5% (Including additional tax)	Exempt
Aviation Turbine Fuel	38% (Duty paid ATF) and 30% (Bonded ATF)	5% (Including additional tax), if sale is from other than A'bad & Vadodara
Isabgul	5% (including additional tax)	Exempt
Technical Textile	Nil	5% (Including additional tax)

Railway Budget

Major Proposals:

- A very realistic and to the point rail budget has been announced leaving behind the inherited system of just announcing new trains which is a mere vote bank exercise
- A relief to passengers as no increase in train fares. However an argument could be made for reduction of train fares in the backdrop of falling commodity prices
- The anticipation regarding the public-private-partnership (PPP) in the railway sector has been put to rest. The union minister ruled out the "privatization" of railways due to an ineffective PPP policy which needs to be revamped.
- It has also been proposed to monetize the huge assets of the railways rather than to sell them. This will be done by obtaining long term debt and raising debt from overseas sources.
- Train tickets can now be booked 120 days in advance
- "Operation 5-minute" has been launched so as to ensure that ticketless passengers can get tickets within 5 minutes of entering the station. This will be done by placing automatic vending machines with smart cards and online booking system.
- Facility for online booking of wheelchair for senior citizens will now be available
- To contribute to the "Swachh Bharat Abhiyaan", a cleanliness department has been constituted. One of the major provisions towards this cause is to provide bio-toilets and airplanes-type vacuum toilets in trains.
- Also included in the mission of providing quality clean services is a proposal for online booking of disposable bed-linen which will be designed by NIFT
- NID has been approached to design user friendly ladders for climbing the upper berths
- To ensure women safety, CCTV cameras will be placed in select trains
- Also an all India 24/7 helpline – 138 to be activated from March 2015. In addition to this, a toll free no – 182 will be available for security.
- Proposals have been made to enable Wi-Fi in 400 stations and mobile charging facilities in all train compartments.
- SMS alert services to be introduced on train arrival/departure
- Provision has also been made to provide on-board entertainment facilities on select Shatabdi trains
- Train collision detection system will be introduced in select routes.
- More general coaches will be added for the common man
- 917 road under-bridges and over-bridges are to be constructed to replace 3438 railway crossings at a cost of INR 6581 crore.
- Feasibility study for high speed train (Bullet train) between Mumbai and Ahmedabad is expected to be released by mid- 2015

Key team behind this presentation

CA Kaushik Shah
Managing Partner:
Head - Corporate Tax

CA Rajiv Doshi
Head - Rajkot Branch

CA Samip Shah
Head –Audit & Assurance

CA Parth Dadawala
Head – Govt. Audit

CA Yash Shah
Head –Advisory

CA Devanshi Ghiya
Manager–Audit

Committed to Excellence ...

Head Office:

401/408, "Aditya", B/H Abhijeet -1, Near Mithakhali Six Roads, Ellisbridge,
Ahmedabad (Gujarat) 380006
Email: dshahco@dbsgroup.in

Vadodara Branch:

204, Sarkar Complex,
Opp ABS Tower,
Old Padra Road,
Vadodara 390015

Rajkot Branch:

212, 2nd Floor, Aditya Centre,
Phulchhab Chowk, Rajkot,
Gujarat – 360001

Mumbai Branch:

1st Floor Cama Chambers, 23 Nagindas Master Road, Mumbai 400023