

CENTRAL EXCISE**Chapter 1 to 20: No Change****Chapter 21 -24:**

- 1) An additional duty of excise is being levied at the rate of 5% ad valorem on waters, including aerated waters, containing added sugar falling under chapter heading 2202 10 i.e. aerated waters [2202 10 10], lemonade [2202 10 20] and other [2202 10 90]. Clause 110 of the Finance (No.2) Bill, 2014 refers. By virtue of an entry in the Provisional Collection of Taxes Act, 1931, the levy will come into force with immediate effect.
- 2) Basic excise duty on cigarettes and other products of tariff heading 2402 is being increased. Clause 105 of the Finance (No.2) Bill, 2014 may be referred to for details. There is no change in NCCD leviable under the Seventh Schedule to the Finance Act, 2001 and Additional Duty (health cess) under the Seventh Schedule to the Finance Act, 2005. Tariff items related to cigarettes of length exceeding 75 mm but not exceeding 85 mm and cigarettes of length exceeding 85 mm are being merged into a single tariff item i.e. others [2402 20 90]. Accordingly, tariff item 2402 20 60 and the entries relating thereto are being omitted from the Seventh Schedule to the Finance Act, 2001 and from the Seventh Schedule to the Finance Act, 2005. By virtue of an entry in the Provisional Collection of Taxes Act, 1931, these changes will come into force with immediate effect. The changes in total excise duty rates are summarized below.

TARIFF ITEM	DESCRIPTION (length in mm)	Rs. per 1000 sticks (Existing Rate)	Rs. per 1000 sticks (New Rate)
24022010	Non filter not exceeding 65	669	1150
24022020	Non-filter exceeding 65 but not exceeding 70	2027	2250
24022030	Filter not exceeding 65	669	1150
24022040	Filter exceeding 65 but not exceeding 70	1409	1650
24022050	Filter exceeding 70 but not exceeding 75	2027	2250
24022060	Filter exceeding 75 but not exceeding 85	2725	Tariff item Omitted
24022090	Other	3290	3290

- 3) Basic Excise Duty is being increased from 12% to 16% on pan masala, from 50% to 55% on unmanufactured tobacco and from 60% to 70% on jarda scented tobacco, gutkha and

chewing tobacco. Clause 105 of the Finance (No.2) Bill, 2014 and S.No.35 of notification No.12/2012-Central Excise dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014, may be referred to for details.

These changes will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

Accordingly, the duty leviable under the compounded levy scheme has been modified. In this regard, notification No.42/2008-Central Excise dated 01.07.2008 as amended by notification No.16/2014-Central Excise dated 11th July, 2014, notification No.16/2010-Central Excise dated 27.02.2010 as amended by notification No.17/2014-Central Excise dated 11th July, 2014, and notification No.30/2008-Central Excise (NT) dated 01.07.2008 as amended by notification No.22/2014-Central Excise (NT) dated 11th July, 2014 may be referred to for details.

There is no change in NCCD and Health Cess rates.

Chapter 25, 26: No Change

Chapter 27-29

- 1) The Tenth Schedule to the Finance Act, 2010 dealing with Clean Energy Cess is being amended so as to expand the scope of purposes of levy of the said cess to include clean environment initiatives and funding research in the area of clean environment. Clause 111 of the Finance (No.2) Bill, 2014 refers. The Clean Energy cess is being increased from Rs.50 per tonne to Rs.100 per tonne. Notification No.3/2010-CE dated 22.06.2010 which prescribes the effective rate of Rs.50 per tonne is being rescinded vide notification No.20/2014-Central Excise, dated 11th July, 2014. Henceforth, the rate of Clean Energy Cess will be the tariff rate i.e. Rs.100 per tonne.
- 2) Excise duty on Branded Petrol is being reduced from Rs.7.50 per litre to Rs. 2.35 per litre. S.No.70 of Notification 12/2012- Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 refers.
- 3) Full exemption from Central Excise duty is being provided to Liquefied Propane and Butane mixture, Liquefied Propane, Liquefied Butane and Liquefied Petroleum Gases (LPG) for supply to Non-Domestic Exempted Category (NDEC) customers by the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited retrospectively w.e.f. 08.02.2013. Clause 103 of the Finance (No.2) Bill, 2014 refers. The exemption shall continue w.e.f. 11.07.2014 vide S.No.81 of Notification 12/2012-Central Excise, dated 17th March, 2012 as amended vide Notification No.12/2014-Central Excise dated 11th July, 2014 refers.

Chapter 30 to 33: No Change

Chapter 34 -39:

- 1) Full exemption from excise duty is being provided to specified raw materials used in the manufacture of backsheet and EVA sheet for manufacture of solar photovoltaic cells or modules. Notification No.12/2012- Central Excise as amended vide Notification No.12/2014-Central Excise dated 11th July, 2014 [new S.No.133A] refers.
- 2) Semi-mechanized units manufacturing safety matches, which attract concessional excise duty of 6%, are being allowed to carry out the processes of 'Pasting of labels' and 'Packing' with the aid of power. S.No.142 of notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide Notification No.12/2014-Central Excise dated 11th July, 2014 refers.
- 3) Full exemption from excise duty is being provided to DDT manufactured by Hindustan Insecticides Limited for supply to the National Vector Borne Diseases Control Programme (NVBDCP) of the Ministry of Health & Family Welfare. Notification 12/2012- Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 [new S.No.144A] refers.
- 4) Full exemption from excise duty is being provided on plastic materials reprocessed out of the scrap or waste and cleared into the DTA by an EOU. This would bring EOU at par with domestic and SEZ Units. S.No.147 of Notification No.12/2012- Central Excise, dated 17th March, 2012 as amended vide Notification No.12/2014-Central Excise dated 11th July, 2014 refers.
- 5) Full exemption from excise duty is being provided to backsheet and EVA sheet used in the manufacture of solar photovoltaic cells or modules. Notification No.12/2012-Central Excise dated 17th March, 2012 as amended vide Notification No.12/2014-Central Excise dated 11th July, 2014 [new S.No.148A] refers.

Chapter 40-55:

- 1) Concessional excise duty of 2% without CENVAT credit and 6% with CENVAT credit is being extended to gloves specially designed for use in sports. Notification No.1/2011-Central Excise, dated 1st March, 2011 as amended vide notification No.8/2014-Central Excise, dated the 11th July 2014 [new S.No.51A] and notification No.2/2011-Central Excise, dated 1st March, 2011 as amended vide notification No.9/2014-Customs, dated the 11th July 2014 [new S.No.28A] refers.
- 2) Optional excise duty of 2% (without CENVAT) / 6% (with CENVAT) on writing and printing paper for printing of educational textbooks is being withdrawn and instead a uniform excise duty of 6% with CENVAT is being levied. S.No.63 is being omitted from notification No.1/2011- Central Excise, dated 1st March, 2011. Notification No.8/2014-Central Excise, dated the 11th July 2014 refers.
- 3) Full exemption from excise duty is being provided for security threads and security fibre supplied to Security Paper Mill, Hoshangabad and Bank Note Paper Mill India Private Limited (BNPMIPL), Mysore. Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 [new S.No.149A] refers.

- 4) Excise duty on Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY) manufactured from plastic waste or scrap or plastic waste including waste polyethylene terephthalate (PET) bottles (which is already exempt w.e.f. 08.05.2012) is being exempted retrospectively w.e.f. 29.06.2010 to 07.05.2012. Clause 102 of the Finance (No.2) Bill, 2014 refers. Intermediate product 'Tow' arising during the course of manufacture of such PSF/PFY is being exempted retrospectively w.e.f. 29.06.2010 to 10.07.2014 so as to provide relief to the manufacturers of such PSF/PFY. Clauses 102 and 103 of the Finance (No.2) Bill, 2014 refer.
- 5) Excise duty at the rate of 2% (without CENVAT) or 6% (with CENVAT) is being imposed on Polyester Staple Fiber and Polyester Filament Yarn manufactured from plastic waste or scrap or plastic waste including waste polyethylene terephthalate (PET) bottles w.e.f. 11th July, 2014. Notification No.1/2011- Central Excise, dated 1st March, 2011 as amended vide notification No.8/2014-Central Excise, dated the 11th July 2014 [new S.No.70A] and S.No.172A of notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 refer.

Chapter 56-63: No Change

Chapter 64:

- 1) Excise duty is being reduced from 12% to 6% on footwear of retail price exceeding Rs.500 per pair but not exceeding Rs.1,000 per pair. Footwear of retail price upto Rs.500 per pair will continue to remain exempted. S.No.180 of notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 refers.

Chapter 65 to 69: No Change

Chapter 70:

- 1) Full exemption from excise duty is being provided on solar tempered glass used in the manufacture of solar photovoltaic cells or modules, solar power generating equipment or systems and flat plate solar collectors. Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 [new S.No.187C] refers.

Chapter 71

- 1) Un-branded articles of precious metals are being exempted from excise duty retrospectively for the period 01.03.2011 to 16.03.2012. Clause 102 of the Finance (No.2) Bill, 2014 refers.

Chapter 72: No Change

Chapter 73

- 1) Excise duty is being reduced from 12% to Nil on forged steel rings used in the manufacture of bearings of wind operated electricity generators. Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 [new S.No.211A] refers.

Chapter 74

- 1) Full exemption from excise duty is being provided on flat copper wire used in the manufacture of PV ribbons (tinned copper interconnect) for use in the manufacture of solar cells or modules. Notification No.12/2012- Central Excise dated 17th March, 2012 as amended vide Notification No.12/2014-Central Excise dated 11th July, 2014 [new S.No.215A] refers.
- 2) Excise duty on winding wires of copper is being increased from 10% to 12%. S.No.346 of notification 12/2012- Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 refers.

Chapter 75-76: No Change**Chapter 77-84:**

- 1) Excise duty on machinery for the preparation of meat, poultry, fruits, nuts or vegetables, and on presses, crushers and similar machinery used in the manufacture of wine, cider, fruit juices or similar beverages and on packaging machinery is being reduced from 10% to 6%. Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 [new S.No.241B, 245A and 245B] refers.
- 2) Full exemption from excise duty is being granted in respect of machinery, equipments, etc. required for initial setting up of solar energy production projects. Notification No.15/2010- Central Excise, dated 27th February, 2010 as amended vide notification No.15/2014-Central Excise dated 11th July, 2014 refers.
- 3) Full exemption from excise duty is being provided on machinery, equipments, etc. required for initial setting up of compressed biogas plant (Bio-CNG). Notification No.33/2005- Central Excise, dated 8th September, 2005 as amended vide notification No.14/2014-Central Excise dated 11th July, 2014 refers.
- 4) Excise duty on hand operated sewing machine (2% without CENVAT / 6% with CENVAT) is being rationalized by levying concessional excise duty on sewing machines other than those operated with electric motors (whether in-built or attachable to the body). S.No.97 of notification No.1/2011- Central Excise, dated 1st March, 2011 as amended vide notification No.8/2014-Customs, dated the 11th July 2014 and S.No.58 of notification No.2/2011- Central Excise, dated 1st March, 2011 as amended vide notification No.9/2014-Customs, dated the 11th July 2014 refer.

Chapter 85:

- 1) Excise duty on Metal Core PCB and LED driver for use in the manufacture of LED lights and fixtures and LED lamps is being reduced from 12% / 10% to 6%. Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 [new S.No.321A] refers.
- 2) Full exemption from excise duty is being provided to parts consumed within the factory of production for the manufacture of non-conventional energy devices, and when such use in elsewhere than in the factory of production, the exemption is being allowed subject to actual user condition. Notification No.12/2012- Central Excise dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 [new S.No. 332A] refers.
- 3) Excise duty on recorded smart cards is being increased from 2% without CENVAT and 6% with CENVAT to a uniform rate of 12%. Accordingly, S.No.104 is being omitted from notification No.1/2011- Central Excise, dated 1st March, 2011 and S.No.63 from notification No.2/2011-Central Excise, dated 1st March, 2011. In this connection, notifications No.8/2014-Central Excise and No.9/2014-Central Excise, both dated the 11th July 2014 and S.No.346 of notification No.12/2012-Central Excise dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 refer.

Chapter 86: No Change**Chapter 87:**

- 1) Excise duty is being exempted on parts of tractors removed from one or more factories of a tractor manufacturer to another factory of the same manufacturer for manufacture of tractors. S.No.340 of notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 refers.

Chapter 88-96: No Change**Miscellaneous:**

- 1) Full exemption from excise duty is being provided to reverse osmosis (RO) membrane element for water filtration or purification equipment (other than household type filter). Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 [new S.No.239A] refers.
- 2) Excise duty on RO membrane element used in household type filters is being reduced from 12% / 10% to 6%. Notification No.12/2012-Central Excise, dated 17th March, 2012 as amended vide notification No.12/2014-Central Excise dated 11th July, 2014 [new S.No.241A] refers.
- 3) Director (Electrical) is being authorized to issue the requisite certificate to enable Delhi Metro Rail Corporation to avail of Nil excise duty benefit in respect of their Phase-1 and Phase-2 projects instead of Director (Rolling Stock, Electrical & Signalling) at present.

S.No.333 (ii) of notification No.12/2012-Customs, dated 17th March, 2012 as amended by notification No.12/2014-Central Excise, dated 11th July, 2014 refers. Condition 48 contains the change.

- 4) Full exemption from excise duty is being provided on specified HIV/AIDS drugs and diagnostic kits supplied under National AIDS Control Programme (NACP) funded by the Global Fund to Fight AIDS, TB and Malaria (GFATM). Notification No.13/2014-Central Excise dated 11th July, 2014 refers.
- 5) Full exemption from Excise Duty is being provided to goods supplied to National Technical Research Organisation (NTRO). Notification No.64/95-Central Excise, dated 16th March, 1995 as amended vide notification No.10/2014-Central Excise dated 11th July, 2014 refers.
- 6) Plants & Equipment supplied prior to 2008 for use in projects financed by the UN or an international organization, which hitherto could not be transferred / sold out of the project site, are now being allowed to be transferred / sold from the project site subject to the conditions specified therein. Notification No.108/95-Central Excise, dated the 28th August, 1995 as amended vide notification No.11/2014-Central Excise, dated the 11th July 2014 refers.
- 7) Intermediate goods manufactured and consumed captively for further manufacture of matches is being fully exempted. Notification No. 67/95-CE dated 16th March, 1995 as amended by Notification No.19/2014- Central Excise, dated the 11th July 2014 refers.
- 8) Education cess and secondary & higher education cess (customs component) is being exempted on goods cleared by an EOU into the DTA. Notification No.23/2003-Central Excise dated 31.03.2003 as amended by notification No.18/2014-Central Excise dated 11th July, 2014 [new S.Nos.1A and 1B] refers.
- 9) S.No.140 of notification No.49/2008-Central Excise (NT) dated 24th December, 2008 is being amended vide notification No.17/2014-Central Excise (NT) so as to specify the tariff item 8421 99 00 in column (2) relating to replaceable kits of water filters functioning without electricity.
- 10) Rule 8 of the Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008 is being amended with retrospective effect from 13.04.2010 to provide that where a manufacturer manufactures pouches of different RSPs on a single machine in a month, the duty liability for that month would be the duty applicable to the highest of the RSP so manufactured. This will align the Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008 with the Chewing Tobacco and Unmanufactured Tobacco Packing Machines (Capacity Determination and Collection of Duty) Rules, 2010 with regard to manufacture of pouches of different RSPs on a single machine under the compounded levy scheme. Clause 101 of the Finance (No.2) Bill, 2014 refers.

CLARIFICATIONS

CUSTOMS

- 1) Representations have been received regarding the eligibility of aircraft engines and parts thereof for customs duty exemption under S.No.454 of notification No.12/2012-Customs, dated 17th March, 2012. It is clarified that aircraft engines and parts thereof are eligible for customs duty exemption when imported for servicing, repair or maintenance of aircrafts used for scheduled operations subject to fulfilment of conditions specified therein.
- 2) A doubt has been raised as to whether road construction machinery imported under notification No.12/2012-Customs, dated 17.03.2012 [Sl.No.368] can be sold within 5 years of importation on payment of customs duty on depreciated value and whether individual constituents of the consortium whose names appear in the contract may import goods under the notification. It is reiterated that road construction machinery imported duty free can be sold within 5 years of importation subject to payment of customs duty on depreciated value subject to the conditions specified therein and that individual constituents of the consortium whose names appear in the contract can import goods under the said notification.
- 3) Under S.No.7 of notification No. 39/96-Cus dated 23.7.1996, paints, consumables, metallic and non-metallic materials etc. in any form and articles thereof conforming to aeronautical specification accompanied with certificate of conformance / release note / airworthiness certificate for development are exempt from BCD and CVD subject to conditions specified thereon. Representations have been received regarding the scope of the said exemption. It is clarified that the exemption is available to all materials in any form and articles thereof, subject to the overall condition that they conform to aeronautical specification accompanied with certificate of conformance/release note/airworthiness certificate for development.

CENTRAL EXCISE

- 1) In pursuance of discussions in the Tariff Conference of Chief Commissioners of Central Excise held on 16-17 September, 2013 at Pune, a clarification was sought regarding the exemption from education cess and secondary & higher education (SHE) cess on the clean energy cess leviable on coal vide notifications No.28/2010-CE and No.29/2010-CE, both dated 22.06.2010. It is clarified that the exemption from education cess and SHE cess under notifications No.28/2010-CE and No.29/2010-CE, both dated 22.06.2010 is applicable only in respect of the clean energy cess leviable on coal. Hence, education cess and SHE cess are not leviable on clean energy cess, but shall be leviable on excise duty on coal.
- 2) Doubts have been raised regarding the scope of the exemption from excise duty available for heena powder or paste under S.No.134 of notification 12/2012- Central Excise dated 17th March, 2012 in the context of the phrase “not mixed with any other ingredient”. It is clarified

that the exemption is available to heena powder mixed with a liquid, so far that the liquid is a medium to change the form of heena powder into paste but excludes products like heena dye and such other products which are cosmetics.

- 3) A reference has been received from the Railway Board in the context of S.No.106 of notification No.1/2011-CE dated 1st March, 2011 as to whether manufacturers of goods (including rolling stock) falling under headings 8601 to 8606 are eligible for CENVAT credit. It is clarified that all goods falling under headings 8601 to 8606 (except 8604) attract 2% (without CENVAT credit) under the notification referred to above or 6% (with CENVAT credit) by Tariff. Hence, manufacturers of such goods paying 6% excise duty are eligible for CENVAT credit. Prior to 17.03.2012, the duty was 5% with CENVAT benefit.
- 4) All goods falling under any Chapter supplied against International Competitive Bidding (ICB) are fully exempt from excise duty [Sl.No.336 of notification No. 12/2012-CE dated 17.3.2012], subject to the condition: *“If the goods are exempted from the duties of customs leviable under the First Schedule to Customs Tariff Act 1975 and the additional duty leviable under Section 3 of the said Customs Tariff Act when imported into India”*. A doubt has been raised whether the excise duty exemption under this notification is available to sub-contractors who supply goods to the main contractor who has won the ICB contract. It is clarified that the said exemption is also available to sub-contractors for manufacture and supply of goods for or on behalf of the main contractor (who has won the bid for the project through ICB) for execution of the said project, subject to compliance of conditions specified, if any.

LEGISLATIVE CHANGES

Amendments in the Customs Act, 1962

- 1) The Customs Act, 1962 is being amended so as to provide that a reference in that Act to a Chief Commissioner of Customs or a Commissioner of Customs may also include a reference to the Principal Chief Commissioner of Customs or the Principal Commissioner of Customs, as the case may be. It also seeks to provide for consequential amendments in the Act.
- 2) Section 3 is being amended so as to provide for inclusion of the Principal Chief Commissioner of Customs and Principal Commissioner of Customs in the class of officers of customs.
- 3) Section 15(1) is being amended to provide for determination of rate of duty and tariff valuation for imports through a vehicle in cases where the Bill of Entry is filed prior to the filing of Import Report (as the Manifest is called in case of imports by land).
- 4) Section 25 is being amended to provide that the customs duties on mineral oils including petroleum & natural gas extracted or produced in the continental shelf of India or the exclusive economic zone of India shall not be recovered for the period prior to 7th February, 2002.
- 5) Section 46(3) is being amended to allow the filing of a Bill of Entry prior to the filing of Import Report (as the Manifest is called in case of imports by land) for imports through land route.
- 6) Section 127A is being amended to change the name of the 'Customs and Central Excise Settlement Commission' to the 'Customs, Central Excise and Service Tax Settlement Commission'.
- 7) Section 127B(1) is being amended to replace the reference to section 28AB with a reference to section 28AA and to provide that an application for settlement of cases can also be filed in cases where a Bill of Export, Baggage Declaration, Label or Declaration accompanying the goods effected through Post or Courier have been filed.
- 8) Section 127B is also being amended so as to omit sub-section (2) since the same is redundant.
- 9) Section 127L is being amended so as to insert an Explanation that the concealment of particulars of duty liability relates to any such concealment made from the officer of customs and not from the Settlement Commission.
- 10) Section 129A(1) is being amended so as to increase the discretionary powers of the Tribunal to refuse admission of appeal from the existing Rs.50,000 to Rs.2 lakh.
- 11) Section 129A(1B) is being amended to substitute the words "by notification in the official gazette" with the words "by order" so as to enable the Board to constitute a Review Committee by way of an order instead of by way of a notification.

- 12) Section 129B(2A) is being amended to omit the first, second and third proviso in view of substitution of section 129E with a new section.
- 13) Section 129D is being amended to insert a proviso in sub-section (3) so as to vest the Board with powers to condone delay for a period of upto 30 days, for review by the Committee of Chief Commissioners of the orders in original passed by the Commissioner of Customs.
- 14) Section 129E is being substituted with a new section to prescribe a mandatory fixed pre-deposit of 7.5% of the duty demanded or penalty imposed or both for filing appeal with the Commissioner (Appeals) or the Tribunal at the first stage and another 10% of the duty demanded or penalty imposed or both for filing second stage appeal before the Tribunal. The amount of pre-deposit payable would be subject to a ceiling of Rs. 10 crore.
- 15) Section 131BA is being amended so as to enable the Commissioner (Appeal) to take into consideration the fact that a particular order being cited as a precedent decision on the issue has not been appealed against for reasons of low amount.

Amendments in the Customs Tariff Act, 1975

- 1) Section 8B of the Customs Tariff Act, 1975 is being amended so as to provide for levy of safeguard duty on inputs/raw materials imported by an EOU and cleared into DTA as such or are used in the manufacture of final products & cleared into DTA. This change will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931. Clause 86 of the Finance (No.2) Bill, 2014 refers.

Amendment in the First Schedule to the Customs Tariff Act, 1975:

- 1) Tariff item 2402 20 60 is being omitted as a consequential change to amendment in the First Schedule to the Central Excise Tariff Act.
- 2) The tariff rate of basic customs duty on goods falling under tariff items 8517 62 90 and 8517 69 90 is being increased from Nil to 10%.
- 3) The unit quantity code against certain entries is being changed.

The changes at 1) and 2) will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931. Clause 87 of the Finance (No.2) Bill, 2014 refers.

Amendments in the Central Excise Act, 1944

- 1) The Central Excise Act, 1944 or Finance Act, 1994 is being amended so that a reference in that Act to a Chief Commissioner of Central Excise or a Commissioner of Central Excise may also include a reference to the Principal Chief Commissioner of Central Excise or the Principal Commissioner of Central Excise, as the case may be. It also seeks to provide for consequential amendments in the Act.
- 2) Section 2(b) is being amended so as to provide for inclusion of Principal Chief Commissioner of Central Excise and Principal Commissioner of Central Excise in the definition of the Central Excise Officer.

- 3) Section 15A is being inserted so as to empower the Central Government to prescribe an authority or agency to whom the information return shall be filed by the specified persons such as Income Tax Authorities, State Electricity Boards, VAT or Sales Tax Authorities, Registrar of Companies. Information can be collected for the purposes of the Act, such as, to identify tax evaders or recover confirmed dues. It is also proposed to insert a new section 15B which provides for imposition of penalty if the information return is not submitted.
- 4) Section 31(g) and section 32(1) is being amended to change the name of the 'Customs and Central Excise Settlement Commission' to the 'Customs, Central Excise and Service Tax Settlement Commission'.
- 5) Section 32E(1) is being amended to replace the reference to section 11AB with a reference to section 11AA.
- 6) Section 32E(1) is also being amended to allow filing of applications of settlement before the Settlement Commission in cases where the applicant has not filed the returns after recording reasons for the same.
- 7) Section 32E is being amended to omit sub-section (2) since the same is redundant.
- 8) Section 32O(1) is being amended so as to insert an Explanation that the concealment of particulars of duty liability relates to such concealment made from the officer of central excise and not from the Settlement Commission.
- 9) Section 35B(1) is being amended so as to increase the discretionary powers of the Tribunal to refuse admission of appeal from the existing Rs.50,000 to Rs.2 lakh.
- 10) Section 35B(1B) is being amended to substitute the words "by notification in the official gazette" with the words "by order" so as to enable the Board to constitute a Review Committee by way of an order instead of by way of a notification.
- 11) Section 35C(2A) is being amended to omit the first, second and third proviso in view of substitution of section 35F with a new section.
- 12) Section 35E is being amended to insert a proviso in sub-section (3) to vest the Board with powers to condone delay for a period upto 30 days for review by the Committee of Chief Commissioners of the orders in original passed by the Commissioner of Central Excise.
- 13) Section 35F is being substituted with a new section to prescribe a mandatory fixed pre-deposit of 7.5% of the duty demanded or penalty imposed or both for filing appeal with the Commissioner (Appeals) or the Tribunal at the first stage and another 10% of the duty demanded or penalty imposed or both for filing second stage appeal before the Tribunal. The amount of pre-deposit payable would be subject to a ceiling of Rs.10 crore.
- 14) Section 35L is being amended so as to clarify that determination of disputes relating to taxability or excisability of goods is covered under the term 'determination of any question having a relation to rate of duty' and hence, appeal against Tribunal orders in such matters would lie before the Supreme Court.
- 15) Section 35R is being amended so as to enable the Commissioner (Appeal) to take into consideration the fact that a particular order being cited as a precedent decision on the issue has not been appealed against for reasons of low amount.

- 16) The Third Schedule to the Central Excise Act, 1944 is being aligned with notification No. 49/2008-CE (NT) dated 24.12.2008 which specifies goods liable for assessment based on Retail Sale Price (RSP). This change will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.

Amendments in the First Schedule to the Central Excise Tariff Act, 1985:

- 1) Excise duty on cigarettes is being increased by 72% for cigarettes of length not exceeding 65 mm and by 11% to 21% for cigarettes of other lengths. Similar increases are proposed on cigars, cheroots and cigarillos.
- 2) Basic excise duty is being increased from 12% to 16% on pan masala, from 50% to 55% on unmanufactured tobacco and from 60% to 70% on jarda scented tobacco, gutkha and chewing tobacco.
- 3) Tariff items related to cigarettes of length exceeding 75 mm but not exceeding 85 mm and cigarettes of length exceeding 85 mm are being merged into a single tariff item i.e. others [2402 20 90]. Accordingly, tariff item 2402 20 60 and the entries relating thereto are being omitted.
- 4) The entry 2403 19 occurring against the description "Other than paper rolled biris, manufactured without the aid of machine" is being substituted with 2403 19 21.
- 5) The unit quantity code against certain entries is being changed.

The changes at 1) to 4) will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931. Clause 105 of the Finance (No.2) Bill, 2014 refers.

Amendments in the CENVAT Credit Rules, 2004:

- 1) Rule 12A is being amended so as to disallow transfer of credit by a large taxpayer from one unit to another.
- 2) A new sub-rule (qa) is being inserted in Rule 2 to introduce the definition of 'place of removal'.
- 3) Rule 4(1) (for input credit) and Rule 4(7) (for input service credit) are being amended in order to fix a time limit of six months for availment of the CENVAT Credit.

Notification No.23/2004-Central Excise (NT) dated 10th September, 2004 as amended vide notification No.21/2014-Central Excise dated 11th July, 2014 refers.

Amendments in the Central Excise Rules, 2002:

- 1) E-payment is being made mandatory for all assesseees subject to certain exceptions.
- 2) Sub-rule (3A) of rule 8 is being substituted to provide that in case of default in payment of duty, the assessee shall on his own pay a penalty of 1% per month on the amount of duty not paid for each month or part thereof.

Notification No.4/2002-Central Excise (NT) dated 1st March, 2002 as amended vide notification No.19/2014-Central Excise dated 11th July, 2014 refers.

Amendments in the Central Excise Valuation Rules, 2004:

- 1) The Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000 is being amended so as to provide that in cases where excisable goods are sold at a price below the manufacturing cost and profit and there is no additional consideration flowing from the buyer to the assessee directly or from a third person on behalf of the buyer, value for the assessment of duty shall be deemed to be the transaction value.

Notification No.45/2000-Central Excise (NT) dated 30th June, 2000 as amended vide notification No.20/2014-Central Excise dated 11th July, 2014 refers.

Authority for Advance Rulings

- 1) The Scheme of Advance Ruling is being extended to Resident Private Limited Companies. In this regard, notification No.18/2014-Central Excise (N.T.) and notification No.51/2014-Customs (N.T.), both dated 11th July, 2014 refers.

Unit Quantity Codes

- 1) The Schedules to the Customs and Central Excise Tariffs are being amended in respect of selected goods to match the Unit Quantity Codes prescribed therein with the ones that are actually used in trade and commerce. This would facilitate trade and improve data quality and compliance.
