

# KEY HIGHLIGHTS OF UNION BUDGET 2016



**Chokshi & Chokshi LLP**  
*Keeping you ahead*

## FOREWORD

The Budget 2016 presented by the Finance Minister of India Mr. Arun Jaitley has emphasised on Indian economies resilience amidst the current global economic turmoil. “Global Economy is in a serious crisis. Financial markets have been battered but the Indian economy has held its ground firmly.”

Growth of Indian economy accelerated to 7.6% in 2015-16. India hailed as a ‘bright spot’ amidst a slowing global economy by the International Monetary Fund (IMF). Robust growth achieved despite very unfavorable global conditions and two consecutive years shortfall in monsoon by 13%.

Foreign exchange reserves touched highest ever level of about 350 billion US dollars.

Despite increased devolution to States by 55% as a result of the 14th Finance Commission award, plan expenditure increased at RE stage in 2015-16 – in contrast to earlier years.

## CHALLENGES IN 2016-17

Risks of further global slowdown and turbulence

Additional fiscal burden due to 7th Central Pay Commission recommendations and OROP (One Rank One Pension)

## SECTOR HIGHLIGHTS

### INFRASTRUCTURE

- Total investment in the road sector, including PMGSY allocation, would be Rs. 97,000 crore.
- Total outlay for infrastructure in Budget 2016 now stands at Rs. 2,21,246 crore.
- Allocation of Rs. 55,000 crore in the Budget for Roads. Additional Rs. 15,000 crore to be raised by the National Highways Authority of India (NHAI) through bonds.
- 10,000 km of national highways in 2016-17 and 50,000 km state highways to be converted to NH roads.
- New Greenfield ports to be developed on east and west coasts. Revival of underserved airports. Centre to Partner with States to revive small airports for regional connectivity
- Plan to augment nuclear power in the next 15-20 years.
- Reforms in FDI policy in the areas of Insurance and Pension, Asset Reconstruction Companies, Stock Exchanges.



## OIL & GAS

- India has stepped up investment on oil and gas public sector enterprises, primarily on refiners, even as global energy majors cut capex amid low crude oil prices
- Budgeted capital expenditure for ONGC BSE -9.72 % and GAIL India BSE 0.31 % was lowered for 2016-17. In the Union Budget 2016, the government has proposed to invest Rs 87214.56 crore in 2016-17 through the 11 public sector companies under the Ministry of Oil and Gas. In the previous year 2015-16, the government had budgeted an investment of Rs 76565.46 crore on these companies, which stood revised at Rs 76874.75 crore.
- Bharat Petroleum Corporation capex for FY17 stands at Rs 10,597 crore, up from Rs 7,250 crore a year ago. HPCL's FY17 capex was increased to Rs 1,974.26 crore from Rs 1539.78 crore.



## **BANKING & INSURANCE**

- Banks get a big boost: Rs 25,000 crore towards recapitalisation of public sector banks. Mr. Jaitley said, “Banking Board Bureau will be operationalised, we stand solidly behind public sector banks.”
- Target of disbursement under MUDRA increased to Rs. 1,80,000 crore
- Process of transfer of government stake in IDBI Bank below 50% started
- General Insurance companies will be listed on the stock exchange
- Govt to increase ATMs, micro-ATMs in post offices in the next three years
- Non-banking financial companies (NBFCs) shall be eligible for deduction to the extent of 5% of its income in respect of provision for bad and doubtful debts.
- Additional options to banking companies and financial institutions, including NBFCs, for reversal of input tax credits with respect to nontaxable services.



## AGRICULTURE & FARMERS WELFARE

- Allocation for Agriculture and Farmers' welfare is Rs. 35,984 crore.
- 'Pradhan Mantri Krishi Sinchai Yojana' to be implemented in mission mode. 28.5 lakh hectares will be brought under irrigation.
- Implementation of 89 irrigation projects under AIBP, which are languishing for a long time, will be fast tracked
- A dedicated Long Term Irrigation Fund will be created in NABARD with an initial corpus of about Rs 20,000 crore
- Programme for sustainable management of ground water resources with an estimated cost of Rs 6,000 crore will be implemented through multilateral funding
- 5 lakh farm ponds and dug wells in rain fed areas and 10 lakh compost pits for production of organic manure will be taken up under MGNREGA Soil Health Card scheme will cover all 14 crore farm holdings by March 2017.
- 2,000 model retail outlets of Fertilizer companies will be provided with soil and seed testing facilities during the next three years
- Promote organic farming through 'Parmparagat Krishi Vikas Yojana' and 'Organic Value Chain Development in North East Region'.
- Unified Agricultural Marketing ePlatform to provide a common e-market platform for wholesale markets
- Allocation under Pradhan Mantri Gram Sadak Yojana increased to Rs 19,000 crore. Will connect remaining 65,000 eligible habitations by 2019
- To reduce the burden of loan repayment on farmers, a provision of Rs. 15,000 crore has been made in the BE 2016-17 towards interest subvention
- Allocation under Prime Minister Fasal Bima Yojana Rs 5,500 crore.

- Rs 850 crore for four dairying projects - 'Pashudhan Sanjivani', 'Nakul Swasthya Patra', 'E-Pashudhan Haat' and National Genomic Centre for indigenous breeds



## EDUCATION, SKILLS AND JOB CREATION

- 62 new Navodaya Vidyalayas will be opened
- Higher Education Financing Agency to be set-up with initial capital base of Rs. 1000 crore.
- 10 public and 10 private educational institutions to be made world-class. Digital repository for all school leaving certificates and diplomas.
- Allocation for skill development is Rs. 1804 crore.
- Govt. will pay EPF contribution of 8.33 per cent for all new employees for first three years.
- Sarva Shiksha Abhiyan to increase focus on quality of education.
- Regulatory architecture to be provided to ten public and ten private institutions to emerge as world-class Teaching and Research Institutions
- Digital Depository for School Leaving Certificates, College Degrees, Academic Awards and Mark sheets to be set-up.
- Allocation for skill development - Rs 1804. Crore
- 1500 Multi Skill Training Institutes to be set-up.
- National Board for Skill Development Certification to be setup in partnership with the industry and academia
- Entrepreneurship Education and Training through Massive Open Online Courses
- 100 Model Career Centres to operational by the end of 2016-17 under National Career Service.
- Model Shops and Establishments Bill to be circulated to States.





## SOCIAL & HEALTH CARE

- Allocation for social sector including education and health care is Rs. 1,51,581 crore.
- A new health protection scheme for health cover up to Rs. 1 lakh per family. Senior citizens will get additional healthcare cover of Rs. 30,000.
- 3,000 stores to be set up for generic drugs.
- Rs. 9,000 crore for Swachch Bharat Abhiyan.
- National dialysis service programme under PPP model. LPG connection for women members of rural homes.
- Rs 2,000 crore allocated for initial cost of providing LPG connections to BPL families
- "Stand Up India Scheme" to facilitate at least two projects per bank branch. This will benefit at least 2.5 lakh entrepreneurs.
- National Scheduled Caste and Scheduled Tribe Hub to be set up in partnership with industry associations
- Allocation of ` 100 crore each for celebrating the Birth Centenary of Pandit Deen Dayal Upadhyay and the 350th Birth Anniversary of Guru Gobind Singh.



## FINANCE

- Statutory basis for a Monetary Policy framework and a Monetary Policy Committee through the Finance Bill 2016.
- Allocation of Rs. 25,000 crore towards recapitalisation of Public Sector Banks.
- A comprehensive Code on Resolution of Financial Firms to be introduced.
- A Financial Data Management Centre to be set up.
- RBI to facilitate retail participation in Government securities.
- New derivative products will be developed by SEBI in the Commodity Derivatives market.
- Amendments in the SARFAESI Act 2002 to enable the sponsor of an ARC to hold up to 100% stake in the ARC and permit non institutional investors to invest in Securitization Receipts.
- Comprehensive Central Legislation to be brought to deal with the menace of illicit deposit taking schemes.
- Increasing members and benches of the Securities Appellate Tribunal.
- Target of amount sanctioned under Pradhan Mantri Mudra Yojana increased to Rs. 1,80,000 crore.



## **MAKE IN INDIA**

Changes in customs and excise duty rates on certain inputs to reduce costs and improve competitiveness of domestic industry in sectors like Information technology hardware, capital goods, defence production, textiles, mineral fuels & mineral oils, chemicals & petrochemicals, paper, paperboard & newsprint, Maintenance repair and overhauling [MRO] of aircrafts and ship repair.



### **No tax on income from Startups:**

First talked about in the Startup India action plan, the Finance Minister in his Budget speech said to boost economic growth and employment a 100% deduction of profits for 3 out of 5 years for start-ups, during April, 2016 to March 2019, with certain riders will be available. Similarly to promote innovation, a special patent regime with a 10% rate of tax on income from worldwide the exploitation of patents developed and registered in India was proposed

## DIRECT TAX

### **Income Tax Rates:-**

- Individuals/Senior Citizen/Very Senior Citizen/Non-Residents – No Changes
- Corporate tax – Tax Rate @ 29 % for the Company having annual turnover less than Rs.5 crore.
- 10% rate of Tax on Income from worldwide exploitation of patents developed and registered in India by resident.
- 10% rate of Tax on Dividend received in excess of Rs 10 lacs p.a.
- 1% TCS to be collected on sale of motor vehicles of the value exceeding Rs 10 lacs.
- New Manufacturing Companies incorporated from 01.03.2016 to be Taxed @ 25 % provided no investment allowance, no accelerated depreciation and no profit linked deduction is claimed.

### **Surcharge :-**

- Taxable income > Rs. 1 crore - Additional surcharge – up by 3%.
- Dividend distribution Tax (DDT) u/s 115-O - raised from 12% to 15%.

### **Deduction:-**

- Deduction u/s 87A – Relief to Tax payers (Resident Individual only), rebate from Tax has been increased from Rs 2,000 to Rs 5,000 whose having the taxable Income less than Rs 5 lacs.
- U/s 80GG-House Rent allowance limit increase from Rs 24,000 to Rs 60,000 p.a.
- U/s 24 –Additional Amount of Interest of Rs 50,000 per annum for loan upto Rs 35 lacs where cost of house does not exceed Rs 50 lacs and for the first time home buyers.

### **Exemptions:-**

- 100 % Exemption to Start ups for the first three years of Business subject to MAT provisions.

### **Others:-**

- U/s 44AB – Tax Audit Limit has been Increased From Rs 1 crore to Rs 2 crore.
- U/s 206AA- If Non Residents has Tax Identification Number in the absence of PAN, then Section 206AA shall not apply.
- Penalty to be 50% of Tax in case of Income under-Reporting Cases.
- Penalty to be 200% of Tax in case of Misreporting of Facts.
- Tax @ 45% on undisclosed income under New tax Amnesty Scheme (Compliance Window Period from 01/06/16 to 30/09/16).
- Presumptive Taxation scheme with profit deemed to be 50% to professionals with gross receipts upto Rs 50 lacs
- Accelerated Depreciation will be limited to Maximum to 40%.
- Determination of residency of Foreign Company on the basis of Place of Effective Management (POEM) is proposed to be deferred by one year.
- Interest on Refunds as per section 244A, rate of Interest increased from 6% to 9% p.a.
- Disallowance u/s section 14A read with Rule 8D will be limited to 1% of the average monthly value of Investment yielding income but not exceeding the actual expenditure.
- Time limit of one year for disposing petitions of the Tax Payers seeking waiver of interest and Penalty.
- Period of Holding for unlisted securities reduced from 3 years to 2 years.

- NBFCs shall be eligible for deduction to the extent of 5% of its income in respect of provision for bad and doubtful debts.
- Section 2 (23C)(b) – Hearing – to include communication of data and documents through electronic mode
- Amendment w.e.f. 01/04/2017 –Section 6 (3) – Company shall be said to be resident in India, in any previous year if-
  - It is an Indian Company; or
  - Its place of effective management, in that year, is in India.
  - Explanation to clarify the expression “Place of effective management’ to mean a place where key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are, in substance made.
- Section 24(10)(b) – amended to so as to provide that the deduction of an amount of Rs. 2.00 lacs under the proviso shall be allowed if the acquisition or construction is completed within 5 years from the end of financial year in which capital was borrowed. W.e.f 01/04/2017
- Section 32(1)(iia) – Applicable to the Business of transmission of Power - w.e.f 01/04/2017
- Section 35(1)(ii) – weighted deduction to the extent of one hundred and seventy five percent of any sum paid to scientific research or to a university, college or any other institution to be used for scientific research.
- It is proposed to amend the said clause (ii) so as to reduce the said weighted deduction from 175% to 150% from F.Y. 2017-18 to FY 2019-20, further proposed to reduce the said weighted deduction to 100% from F.Y. 2020-21 and subsequent years.
- Section 80JJA – Proposed to extend the Benefit to all assesseees who are required to get their accounts audited under section 44AB.
- Section 194H – Rate has been reduced from 10% to 5% w.e.f 01/06/2016. Threshold limit increased from Rs 5,000 to Rs 15,000.
- Section 211(1) – Advance Tax Payment – It is proposed to amend the advance tax payment schedule for assessee (other than companies) and bring it in consonance with the existing advance tax payment schedule applicable for company.
- It is further proposed that an eligible assessee in respect Section 44AD opting for presumptive Income are liable to pay advance tax in one installment on or before 15<sup>th</sup> March of the financial year.

- Sec 194C, -Threshold limit has been Increased from Rs 75,000 to Rs 1,00,000 (For Aggregate transactions).



## INDIRECT TAX

### SERVICE TAX

- Krishi Kalyan Cess: An enabling provision is being made to levy 0.5% Krishi Kalyan Cess on all taxable services.
- Indirect tax Dispute Resolution Scheme, 2016, wherein a scheme in respect of cases pending before Commissioner (Appeals) is being introduced.
- The benefit of quarterly payment of Service Tax is being extended to 'One Person Company' (OPC) and HUF.
- The facility of payment of Service Tax on receipt basis is being extended to 'One Person Company' (OPC).
- The services provided by mutual fund agent/distributor to a mutual fund or asset management company, are being made taxable under forward charge
- Service-tax to be levied :
  - on transportation of passengers by air conditioned stage carriage
  - on services provided by them by way of transportation of goods by a vessel from outside India up to the customs station in India
- Exemptions withdrawn :
  - Service provided by -
    - A senior advocate to an advocate or partnership firm of advocates providing legal services and
    - A person represented on an arbitral tribunal to an arbitral tribunal.
  - Construction, erection, commissioning or installation of original works pertaining to monorail or metro, in respect of contracts entered into on or after 1st March 2016
  - The services of transport of passengers, with or without accompanied belongings, by ropeway, cable car or aerial tramway
- Exemptions :
  - Services by way of construction etc. in respect of-
    - housing projects under Housing For All (HFA) (Urban) Mission/Pradhan Mantri Awas Yojana (PMAY);
    - low cost houses up to a carpet area of 60 square metres in a housing project under "Affordable housing in Partnership" component of PMAY,



- low cost houses up to a carpet area of 60 square metres in a housing project under any housing scheme of the State Government
- The service of life insurance business provided by way of annuity under the National Pension System regulated by Pension Fund Regulatory and Development Authority (PFRDA) of India
- Services provided by Employees' Provident Fund Organization (EPFO) to employees
- Services provided by Insurance Regulatory and Development Authority (IRDA) of India
- The regulatory services provided by Securities and Exchange Board of India (SEBI)
- The services of general insurance business provided under 'Niramaya' Health Insurance scheme launched by National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disability in collaboration with private/public insurance Companies
- Services provided by National Centre for Cold Chain Development under Department of Agriculture, Cooperation and Farmer's Welfare, Government of India, by way of knowledge dissemination
- Services provided by Biotechnology Industry Research Assistance Council (BIRAC) approved biotechnology incubators to incubates
- Services provided by way of skill/vocational training by training partners under Deen Dayal Upadhyay Grameen Kaushalya Yojana
- Services of assessing bodies empanelled centrally by Directorate General of Training, Ministry of Skill Development & Entrepreneurship
- Services provided by way of construction, maintenance etc. of canal, dam or other irrigation works provided to bodies set up by Government but not necessarily by an Act of Parliament or a State Legislature
- Services provided by the Indian Institutes of Management (IIM) by way of 2 year full time Post Graduate Programme in Management (PGPM) (other than executive

development programme), Integrated Programme in Management and Fellowship Programme in Management (FPM)

- Exemption on Services of :
  - Construction provided to the Government, a local authority or a governmental authority, in respect of construction of govt. schools, hospitals etc.
  - Construction of ports, airports
- The rate of Service Tax on single premium annuity (insurance) policies is being reduced from 3.5% to 1.4% of the premium, in cases where the amount allocated for investment, or savings on behalf of policy holder is not intimated to the policy holder at the time of providing of service.

The threshold exemption to services provided by a performing artist in folk or classical art forms of music, dance or theatre is being enhanced from Rs 1 lakh to Rs 1.5 lakh charged per event

**Rationalization of Abetments:**

- The abatement rate in respect of services by way of construction of residential complex, building, civil structure, or a part thereof, is being at 70% by merging the two existing rates (70% for high end flats and 75% for low end flats).
- The abatement rate in respect of services by a tour operator in relation to packaged tour (defined where tour operator provides to the service recipient transportation, accommodation, food etc) and other than packaged tour is being rationalized at 70%.
- The abatement on shifting of used household goods by a Goods Transport Agency (GTA) is being rationalized at the rate of 60%, without CENVAT credit on inputs, input services and capital goods. (The existing rate of abatement of 70% allowed on transport of other goods by GTA continues unchanged).
- Notification No. 41/2012- ST, dated the 29th June, 2012 was amended by notification No.1/2016-ST dated 3rd February, 2016 so as to, inter alia, allow refund of Service Tax on services used beyond the factory or any other place or premises of production or manufacture of the said goods for the export of the said goods.

- Notification No. 27/2012 – C.E. (N.T.) dated 18.06.2012 is being amended with effect from 1st March, 2016 so as to provide that time limit for filing application for refund of CENVAT Credit under Rule 5 of the CENVAT Credit Rules, 2004, in case of export of services, is 1 year from the date of :
  - (a) receipt of payment in convertible foreign exchange, where provision of service has been completed prior to receipt of such payment; or
  - (b) issue of invoice, where payment, for the service has been received in advance prior to the date of issue of the invoice.
- A condition mandating inclusion of cost of fuel in the consideration for availing abatement on the services by way of renting of motor-cab is being prescribed with effect from 1st April, 2016.
- Service tax on the services of Information Technology Software on media bearing RSP is being exempted from Service Tax with effect from 1st March, 2016 provided Central Excise duty is paid on RSP in accordance with Section 4A of the Central Excise Act.
- Assignment of right to use the spectrum and its transfer has been deducted as services leviable to service tax and not sale of intangible goods.
- Interest rates on delayed payment of duty/tax across all indirect taxes are being rationalized and made uniform at 15%, except in case of Service Tax collected but not deposited to the exchequer, in which case the rate of interest will be 24% from the date on which the Service Tax payment became due.
- Section 73 of the Finance Act, 1994 is being amended so as to increase the limitation period from 18 months to 30 months for short levy/non levy/short payment/non-payment/erroneous refund of Service Tax.

## CUSTOMS

- Subsection (43) of Section 2 is being amended so as to add a new class of warehouses for enabling storage of specific goods under physical control of the department, as control over the other types of warehouses would be only record based
- Custom Act to provide for deferred payment of customs duties for importer and exporter with proven track record
- Customs Single Window Project to be implemented at major ports and airports starting from beginning of the next financial year

### **Amendments affecting Rate of duty:**

<b>Particulars</b>	<b>Earlier Rate (%)</b>	<b>Proposed Rate (%)</b>
Natural latex rubber made balloons falling under specified headings	10%	20%
Primary aluminum	5%	7.5%
Zinc alloys	5%	7.5%
Imitation jewellery	10%	15%

### **Other proposals involving changes in BCD, CVD, SAD and Export Duty rates**

<b>Particulars</b>	<b>BCD, CVD, SAD/Export Duty</b>	
	<b>Earlier Rate (%)</b>	<b>Proposed Rate (%)</b>
<b>Basic Customs Duty</b>		
Cashew nuts in shell	Nil	5%
Cold chain including pre-cooling unit, packhouses, sorting and grading lines and ripening chambers	10%	5%
Refrigerated containers	10%	5%
Mineral fuels and Mineral oils		
Coal; briquettes and similar solid fuels manufactured from coal	2.5% / 10%	2.5%
Lignite, whether or not agglomerated, excluding jet	10%	2.5%
Peat (including peat litter), whether or not agglomerated	10%	2.5%
Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon	5% / 10%	5%

Coal gas, water gas, producer gas and similar gases, other than petroleum gases and other gaseous hydrocarbons	10%	5%
Goods required for exploration & production of hydrocarbon activities undertaken under Petroleum Exploration Licenses (PEL) or Mining Leases (ML) issued or renewed before 1st April 1999	Applicable BCD and CVD	BCD - Nil CVD – Nil
<b>Chemicals &amp; Petrochemicals</b>		
All acyclic hydrocarbons and all cyclic hydrocarbons [other than para-xylene which attracts Nil BCD and styrene which attracts 2% BCD]	5% / 2.5%	2.5%
Denatured ethyl alcohol (Ethanol) subject to actual user condition	5%	2.5%
Orthoxylene for the manufacture of phthalic anhydride subject to actual user condition	SAD – 4%	SAD – 2%
Electrolysers, membranes and their parts required by caustic soda / potash unit using membrane cell technology	2.5%	Nil
<b>Paper, Paperboard and newsprint</b>		
Wood in chips or particles for manufacture of paper, paperboard and news print	5%	Nil
Plans, drawings and designs	Nil	10%
<b>Textiles</b>		
Specified fibres and yarns	5%	2.5%
Specified fabrics [for manufacture of textile garments for export] of value equivalent to 1% of FOB value of exports in the preceding financial year subject to the specified conditions. The entitlement for the month of March 2016 shall be one twelfth of one per cent of the FOB value of exports in the financial year 2014-15.	Applicable BCD	Nil
<b>Electronics / Hardware</b>		
Polypropylene granules / resins for the manufacture of capacitor grade plastic films	7.5%	Nil
E-Readers	Nil	7.5%
Parts of E-readers	Applicable BCD	5%
Machinery, electrical equipment and instrument and parts thereof (except populated PCBs) for semiconductor wafer fabrication / LCD fabrication units	Applicable BCD SAD	Nil BCD Nil SAD

The exemption from basic customs duty, CV duty, SAD on charger / adapter, battery and wired headsets / speakers for manufacture of mobile phone being withdrawn	BCD-Nil CVD - Nil SAD - Nil	BCD / CVD - 12.5% SAD – 4%
Inputs, parts and components, subparts for manufacture of charger / adapter, battery and wired headsets / speakers of mobile phones, subject to actual user condition	Applicable BCD, CVD SAD	Nil BCD Nil CVD Nil SAD
Parts and components, subparts for manufacture of Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR) / network video recorder (NVR), CCTV camera / IP camera, lithium ion battery [other than those for mobile handsets]	Applicable BCD, CVD SAD	Nil BCD Nil CVD Nil SAD
Populated PCBs for manufacture of personal computers (laptop or desktop)	Nil SAD	4% SAD
Populated PCBs for manufacture of mobile phone/tablet computer	Nil SAD	2% SAD
<b>Metals, glass and ceramics</b>		
Silica sand	5%	2.5%
Brass scrap	5%	2.5%
Other aluminium products	7.5%	10%
<b>Jewellery</b>		
Gold dore bars.	8% CVD	8.75% CVD
Silver dore.	7% CVD	7.75% CVD
Specified parts of electric and hybrid vehicles	BCD-Nil CVD – 6% Upto 31.03.2016	BCD-Nil CVD – 6% Without time limit

- Sections 28, 47, 51 and 156 are being amended so as to:
  - a) increase the period of limitation from one year to two years in cases not involving fraud, suppression of facts, willful mis-statement, etc.
  - b) provide for deferred payment of customs duties for importers and exporters to certain class of importers and exporters.

- New section 58B is being inserted so as to regulate the process of cancellation of licences which is a necessary concomitant of licencing.
- The existing section 59 governing warehousing bonds submitted by importers availing duty deferred warehousing is being substituted so as to fix the bond amount at thrice the duty involved and to furnish security as prescribed.
- The existing section 61 is being substituted to extend the period of warehousing to all goods used by Export Oriented Undertakings, Units under Electronic Hardware Technology Parks, Software Technology Parks, Ship Building Yards and other units manufacturing under bond; empower Principal Commissioners and Commissioners to extend the warehousing period upto one year at a time.
- New section 73A is being inserted so as to provide for custody of warehoused goods and responsibilities including the liabilities of warehouse keepers.
- Increase in free baggage allowance for international passengers. Filing of baggage only for those carrying dutiable goods.



## EXCISE DUTY

- Infrastructure cess, of 1 % on small petrol, LPG, CNG Cars, 2.5% on diesel cars of certain capacity and 4% on other higher engine capacity vehicles and SUVs. No credit of this cess will be available not credit of any other tax or duty be utilized for paying this cess.
- 'Clean Engery Cess' levied on Coal, lignite and peat renamed to "Clean Environment Cess" and rate increased from Rs. 200 per tonne to Rs. 400 per tonne.
- Revision of return extended to Central Excise Assessee.
- 11 new benches of Customs, Excise and Service Tax Appellate Tribunal (CESTAT).
- Specific rates of central excise duty in case of certain other commodities revised :

Particulars	Earlier Rate (%)	Proposed Rate (%)
Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavoured	18%	21%
Cigar and cheroots	12.5% or Rs.3375 per thousand whichever is higher	12.5% or Rs.3755 per thousand whichever is higher
Cigarillos	12.5% or Rs.3375 per thousand whichever is higher	12.5% or Rs.3755 per thousand whichever is higher
Cigarettes of tobacco substitutes	Rs.3375 per thousand	Rs.3755 per thousand
Cigarillos of tobacco substitutes	12.5% or Rs.3375 per thousand whichever is higher	12.5% or Rs.3755 per thousand whichever is higher
Others of tobacco substitutes	12.5% or Rs.3375 per thousand whichever is higher	12.5% or Rs.3755 per thousand whichever is higher
Gutkha, chewing tobacco (including filter khaini) and jarda scented tobacco	70%	81%
Unmanufactured tobacco	55%	64%
Paper rolled biris [whether handmade or machine made] and other biris [other than handmade biris]	Rs. 30 per thousand	Rs. 80 per thousand
Refrigerated containers	12.5%	6%



Micronutrients which are covered under Sr. No. 1(f) of Schedule 1 Part (A) of the Fertilizer Control Order, 1985 and are manufactured by the manufacturers which are registered under FCO, 1985	12.5%	6%
Readymade garments and made up articles of textiles	30% of retail sale price	60% of retail sale price
Rubber sheets & resin rubber sheets for soles and heels	12.5%	6%
disposable containers made of aluminium foils.	2% (without CENVAT Credit) or 6% (with CENVAT Credit)	2% (without CENVAT Credit) or 12.5% (with CENVAT Credit)
Refined gold bars manufactured from gold dore bar, silver dore bar, gold ore or concentrate, silver ore or concentrate, copper ore or concentrate	9%	9.5%
Refined silver manufactured from silver ore or concentrate, silver dore bar, or gold dore bar.	8%	8.5%
Articles of Jewellery [excluding silver jewellery, other than studded with diamonds or other precious stones namely, ruby, emerald and sapphire]	Nil	1% [without CENVAT credit] or 12.5% [with CENVAT credit]
Charger / adapter, battery and wired headsets / speakers for supply to mobile phone manufacturers as original equipment manufacturer	Nil	2% [without CENVAT credit] or 12.5% [with CENVAT credit]

Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR) / network video recorder (NVR), CCTV camera / IP camera, lithium ion battery [other than those for mobile handsets]	12.5%	4% [without CENVAT credit] or 12.5% [with CENVAT credit]
Electric motor, shafts, sleeve, chamber, impeller, washer required for the manufacture of centrifugal pump	12.5%	6%
Specified parts of Electric Vehicles and Hybrid Vehicles	6% Upto 31.03.2016	6% Without time limit
Ready Mix Concrete manufactured at the site of construction for use in construction work at such site	2% [without input tax credit] /6% [with input tax credit]	Nil

**For further information please contact Chokshi & Chokshi LLP at:**

**Mumbai Corporate Office:**

15/17 Raghavji 'B' Building, Ground Floor,  
Raghavji Road, Gowalia Tank,  
Off. Kemps Corner,  
Mumbai – 400 036  
Maharashtra, India

**BRANCHES**

PUNE  
DELHI  
BANGALORE  
CHENNAI  
KOLKATA

**T: +91 (022) 2383 6900**

**F: +91 (022) 2383 6901**

**E: [contact@chokshiandchokshi.com](mailto:contact@chokshiandchokshi.com)**

*Disclaimer: This Key Highlights of Union Budget 2016 contains general information existing at the time of its preparation only. It is intended as a news update and is not intended to be comprehensive nor to provide specific accounting, business, financial, investment, legal, tax or other professional advice or opinion or services. This Budget Highlights is not a substitute for such professional advice or services, and it should not be acted on or relied upon or used as a basis for any decision or action that may affect you or your business.*

*Whilst every effort has been made to ensure the accuracy of the information contained in this budget primer, this cannot be guaranteed, and neither Chokshi & Chokshi LLP nor any related entity shall have any liability to any person or entity that relies on the information contained in this publication. Any such reliance is solely at the user's risk.*

*This document is for private circulation only.*