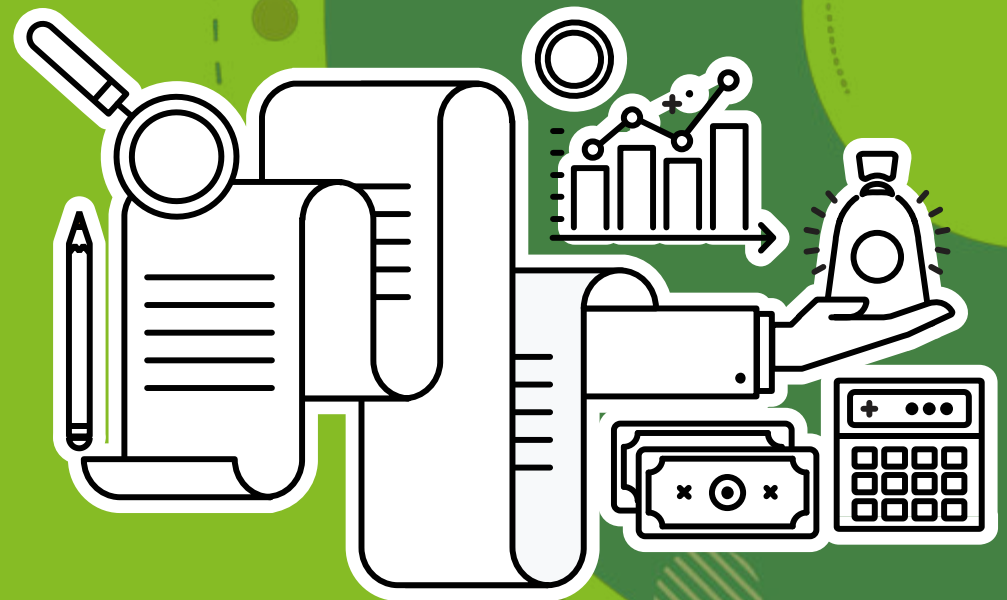


Indirect Tax



Goods and Services Tax Legislative Amendments

Goods and Services Tax

Legislative Amendments

- GST composition scheme extended to all suppliers of services or suppliers of both goods and services (except in some cases), with an annual turnover up to INR 5 million in the preceding financial year
- Registration threshold for suppliers exclusively dealing in goods can be enhanced from INR 2 million to an amount up to INR 4 million, at request of any State and on the recommendations of GST Council
- Aadhaar authentication made mandatory for all taxpayers except specified states or class of tax payers (applicable from a date to be notified)
- Prescribed class of registered persons shall be mandatorily required to give option to customers to make payments through prescribed electronic modes
- Facility introduced to allow registered persons to transfer any amount of tax, interest, penalty, fee, from one head to another head (between Centre and States) in the electronic cash ledger
- In case of delayed filing of return, interest to be paid only on the tax liability (net of ITC) paid through electronic cash ledger, except in specified cases
- National Appellate Authority for Advance Ruling constituted to decide on conflicting advance rulings pronounced by Appellate Authorities of different states in case of distinct persons
- National Anti-profiteering Authority empowered to impose penalty equivalent to 10 percent of profiteered amount. No penalty, where amount deposited within 30 days of order
- Supply of 'Uranium Ore Concentrate' from 01 July 2017 to 14 November 2017 exempted from GST. No refund available for tax already deposited

Note: Changes effective from the date of enactment of Finance Bill 2019

Customs Legislative changes

Customs – Legislative changes

General

- As a trade facilitation measure, specified persons, apart from the person-in-charge of the conveyance, allowed to furnish departure/export manifest
- Provisions introduced for verification of identity through Aadhaar for ascertaining compliance with provisions of Customs Act. In case of failure, officer may suspend clearance of goods, sanction of refund/drawback, exemption from duty, licence/registration, or other benefits, subject to conditions
- Customs officer empowered to:
 - provisionally attach bank account for a period of six months (extendable by six months) for safeguarding interest of revenue or to prevent smuggling
 - arrest a person who has committed an offence under Customs Act in India or outside India
- Further, following offences have now been made cognizable and non-bailable:
 - fraudulently availing or attempting to avail drawback or exemption of duty exceeding INR 5 million
 - fraudulently obtaining and utilizing instrument issued under Customs Act or FTDR Act involving duty exceeding INR 5 million

These offences are made punishable for a term which may extend up to seven years and with fine

- Penalty increased from INR 0.1 million to 0.4 million in relation to offences for which no penalty has been provided elsewhere in the Act

Note: Changes effective from the date of enactment of Finance Bill 2019

Customs – Legislative changes (Contd.)

General

- Penalty for contravention of any provision of a rule or regulation has been increased from 0.05 million to 0.2 million
- Central Government has been empowered to extend levy of “countervailing duty imposed on subsidized articles” on such other articles in case it is of the opinion that there has been circumvention of such duty by importing such other articles by altering the description or name or composition or by importing in unassembled form or by changing the country of origin or country of export etc.
- Appellate mechanism provided to prefer an appeal before CESTAT against the order of the Director General (Safeguard) in relation to matters connected with levy of safeguard duty

Note: Changes effective from the date of enactment of Finance Bill 2019

Customs Rate movement

Customs

Rate movement

BCD has been increased on the following goods

Description of goods	Up to 5 July 2019	From 6 July 2019
Construction materials such as ceramic roofing tiles, wall tiles, base metal fitting, windows, etc.	10%	15%
Precious metals such as silver, gold, platinum, etc.	10%	12.5%
Automobile parts such as air filter, oil or petrol filter	7.5%	10%
Automobile parts such as glass mirrors, locks, windscreen wipers, horns, chassis fitted with engine and bodies, etc.	10%	15%
Automobile parts such as visual or sound signaling equipment	7.5%	15%
Catalytic convertor for automobiles	5%	10%
Completely Built Unit (CBU) of vehicles falling under heading 8702, 8704	25%	30%
Petroleum crude	Nil	INR 1 per tonne
Stainless steel in ingots or other primary forms; semi-finished products of stainless steel	5%	7.5%
Other alloy steel in ingots or other primary forms; semi-finished products of other alloy steel	5%	7.5%

**Only key rate amendments have been captured*

Customs

Rate movement

BCD has been reduced on the following goods

Description of goods	Up to 5 July 2019	From 6 July 2019
<p>Specified capital goods used for manufacture of following items:</p> <ul style="list-style-type: none"> • Charger/Adapter/Battery of cellular mobile phone • Display module • Set top box • Compact camera module • Camera/LCD module of mobile handsets • Telecom equipment falling under heading 8517 • Wound component 	Applicable rate	Nil [subject to Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017]
<p>Specified capital goods added in existing exemption list for manufacture of following items:</p> <ul style="list-style-type: none"> • Populated PCBA • Lithium ion cell for use in the manufacture of battery of mobile handsets • Speaker and receiver of mobile handsets • Data cables and optical fibre cables 	Applicable rate	Nil
<p>Raw material, parts or accessories for use manufacture of artificial kidneys, disposable sterilized dialyzer and micro-barrier of artificial kidney</p>	Applicable rate	Nil

**Only key rate amendments have been captured*

Excise Duty Rate movement

Excise Duty

Rate movement

Change in rate – Basic excise duty on Petroleum Crude and Tobacco Products

- Basic excise duty of INR one per tonne levied on petroleum crude;
- Following changes made to basic excise duty rates applicable to various tobacco and tobacco related products covered under Chapter heading 24 of the Central Excise Tariff:

Description of product	Up to 05 July 2019	Effective from 06 July 2019
<ul style="list-style-type: none"> • Filter cigarettes not exceeding 75mm in length • Other than filter cigarettes not exceeding 70mm in length • Cigarettes of tobacco substitutes 	Nil	INR 5 per thousand
Tobacco products falling under HSN 2403 99 other than cut tobacco	Nil	0.5 percent
Smoking mixtures for pipes and cigarettes	Nil	1 percent

- Following products continue to remain exempt:
 - Unmanufactured tobacco and tobacco refuse falling under HSN 2401; and
 - Cigars, cheroots and cigarillos containing tobacco falling under HSN 240210.

Excise Duty

Rate movement

Change in excise duty structure for petrol and diesel

Increase in R&I cess by INR 1 per litre

- Scheduled rate has been increased from INR 8 per litre to INR 10 per litre for petrol and diesel. However, the effective rate has been increased to INR 9 per litre.

Increase in SAED by INR 1 per litre

- Petrol: Scheduled rate increased from INR 7 to INR 10 per litre, however effective rate increased to INR 8 per litre
- Diesel: Scheduled rate increased from INR 1 to INR 4 per litre, however effective rate increased to INR 2 per litre

HSN-2710	Duty rates applicable up to 5 July 2019 (per litre)				Duty rates applicable from 6 July 2019 (per litre)			
	BED	R&I cess	SAED	Total	BED	R&I cess	SAED	Total
Petrol (unbranded)	2.98	8	7	17.98	2.98	9	8	19.98
Petrol (branded)	4.16	8	7	19.16	4.16	9	8	21.16
Diesel (unbranded)	4.83	8	1	13.83	4.83	9	2	15.83
Diesel (branded)	7.19	8	1	16.19	7.19	9	2	18.19

Service Tax

Retrospective amendments

Service Tax

Retrospective amendments

Retrospective service tax exemption granted to

- Services provided by State Government by way of grant of liquor license (for which license fee / applicable fee was collected) during the period 01 April 2016 to 30 June 2017
- Service provided by Indian Institutes of Management to their students, by way of the following educational programmes (except Executive Development Programme) during the period 01 July 2003 to 31 March 2016 -
 - (a) two-year full time Post Graduate Programmes in Management for the Post Graduate Diploma in Management, where admissions are made on the basis of Common Admission Test (CAT)
 - (b) fellow programme in Management
 - (c) five year integrated programme in Management
- Upfront amount (called as premium, salami, cost, price, development charges or by any other name) paid in respect of services by way of granting long term lease of 30 years or more of plots for development of infrastructure for financial business, provided by State Government Industrial Development Corporations or Undertakings or entities with 50 percent or more ownership by Government (either directly or indirectly) to the developers during the period 01 October 2013 to 30 June 2017

Refund

- Service tax already collected, eligible for refund
- Application to claim refund to be filed within six months from the date of enactment of Finance Bill (No 2.) 2019

Central Excise and Service Tax

Dispute Resolution cum Amnesty Scheme

Central Excise and Service Tax Dispute Resolution cum Amnesty Scheme

Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019

Amnesty scheme for central taxes/ duties/ levies proposed for resolution and settlement of legacy disputes. Scheme shall be applicable from a date to be notified.

Applicability

- Scheme available for dues pending under:
 - Appeal not settled up to 30 June 2019
 - Show cause notice received up to 30 June 2019
 - Quantified demand under any pending audit/ investigation/ enquiry up to 30 June 2019
 - Amount that has been voluntarily disclosed by assessee
 - Tax arrears against the assessee
- Does not cover, *inter alia*;
 - Matter finally heard in appeal or show cause notice
 - Persons convicted under the concerned indirect tax laws
 - Matters relating to refund
 - Unquantified demands in audit/ investigation proceedings

Central Excise and Service Tax Dispute Resolution cum Amnesty Scheme

Relief

S N	Tax dues linked to	Amount	Relief
1	Show cause notice/ appeal pending as on 30 June 2019	> INR 5 million <= INR 5 million	50 percent 70 percent
2	Show cause notice issued only with respect to late fee/ penalty, and tax amount is paid or NIL	-	Entire amount of late fee/ penalty
3	Amount in arrears or tax payable declared by assessee in returns	> INR 5 million <= INR 5 million	40 percent 60 percent
4	Enquiry/ investigation/ audit	> INR 5 million <= INR 5 million	50 percent 70 percent
5	Voluntary disclosure of tax dues by assessee	-	No tax relief

Other Highlights

- Tax dues to be paid in cash – not eligible for refund
- Cannot be availed as input tax credit
- Complete waiver of interest and penalty
- Protection from criminal prosecution and reopening of such matters
- Pre-deposit already paid adjustable in payment of demand. However excess pre-deposit not refundable