

Union Budget 2017-18¹

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Abstract

The Budget for 2017-18 contains three major reforms. First, the presentation of the Budget has been advanced to 1st February to enable the Parliament to avoid a Vote on Account and pass a single Appropriation Bill for 2017-18, before the close of the current financial year. This would enable the Ministries and Departments to operationalise all schemes and projects, including the new schemes, right from the commencement of the next financial year. They would be able to fully utilise the available working season before the onset of the monsoon. Second, the merger of the Railways Budget with the General Budget is a historic step. This decision brings the Railways to the centre stage of Government's fiscal policy and would facilitate multi modal transport planning between railways, highways and inland waterways. The functional autonomy of Railways will, however, continue. Third, we have done away with the plan and non-plan classification of expenditure. This will give us a holistic view of allocations for sectors and ministries and facilitate optimal allocation of resources.

Madam Speaker,

ON THIS AUSPICIOUS day of *Vasant Panchami*, I rise to present the Budget for 2017-18. Spring is a season of optimism. I extend my warm greetings to everyone on this occasion.

Madam Speaker, our Government was elected amidst huge expectations of the people. The underlying theme of countless expectations was good governance. The expectations included burning issues like inflation and price rise, corruption in day to day transactions and crony capitalism. There was also expectation for a major change in the way the country's natural resources were allocated, processed and deployed.

In the last two and half years, it has been our mission to bring a Transformative Shift in the way our country is governed. We have moved

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Centre, through the Central Board of Excise & Customs, shall continue to strive to achieve the goal of implementation of GST as per schedule without compromising the spirit of co-operative federalism. Implementation of GST is likely to bring more taxes both to Central and State Governments because of widening of tax net. I have preferred not to make many changes in current regime of Excise & Service Tax because the same are to be replaced by GST soon.

10.8 *Rapid*

In the Annual Conclave of Tax officers called '*Rajaswa Gyan Sangam*' held in June 2016, the Prime Minister had expressed his desire to bring reforms in tax administration in the form of an approach of RAPID which stands for Revenue, Accountability, Probity, Information and Digitisation. This approach precisely reflects the strategy of Tax Department which is now formulated. While revenue considerations always remain the focus of Revenue Department, we are trying to bring in maximum use of Information Technology to remove human contact with assesses as well as to plug tax avoidance. We will try to maximise our efforts for *e-assessment* in the coming year. We are also using a lot of data mining capability, both in-house and outsourced. We plan to enforce greater accountability of officers of Tax Department for specific act of commission and omission. I would like to assure everyone that honest, tax-compliant person would be treated with dignity and courtesy.

Madam Speaker, my direct tax proposals for exemptions, etc. would result in revenue loss of ₹ 22,700 crore but after counting for revenue gain of ₹ 2,700 crore for additional resource mobilisation proposal, the net revenue loss in direct tax would come to ₹ 20,000 crore. There is no significant loss or gain in my indirect tax proposals.

XI. Conclusion

Madam Speaker, I have outlined the Budget proposals under our overarching agenda: "*Transform, Energise and Clean India*". Our emphasis will now be on implementing all these proposals for the benefit of the farmers, the poor and the underprivileged sections of our society.

Madam Speaker, it is said: "*When my aim is right, when my goal is in sight, the winds favour me and I fly*". There is no other day, which is more appropriate for this, than today.

With these words, Madam Speaker, I commend the Budget to the House.

Annexure I**A I. I Part A : Other measures in the Financial Sector**

1. The commodities and securities derivative markets will be further integrated by integrating the participants, brokers, and operational frameworks.
2. The process of registration of financial market intermediaries like mutual funds, brokers, portfolio managers, etc. will be made fully online by SEBI. This will improve ease of doing business.
3. A common application form for registration, opening of bank and demat accounts, and issue of PAN will be introduced for Foreign Portfolio Investors (FPIs). SEBI, RBI and CBDT will jointly put in place the necessary systems and procedures. This will greatly enhance operational flexibility and ease of access to Indian capital markets.
4. Steps will be taken for linking of individual demat accounts with Aadhar.
5. Presently institutions such as banks and insurance companies are categorised as Qualified Institutional Buyers (QIBs) by SEBI. They are eligible for participation in IPOs with specifically earmarked allocations. It is now proposed to allow systemically important NBFCs regulated by RBI and above a certain net worth, to be categorised as QIBs. This will strengthen the IPO market and channelize more investments.
6. Listing and trading of Security Receipts issued by a securitisation company or a reconstruction company under the SARFAESI Act will be permitted in SEBI registered stock exchanges. This will enhance capital flows in to the securitisation industry and will particularly be helpful to deal with bank NPAs.

Annexure II**A II. 1 A to Part A****Table A II.1****Allocations of important ministries, sectors and vulnerable sections***(In Crores of Rupees)*

Sl. No.	Name of the Ministry	BE	RE	BE
		2016-17	2016-17	2017-18
1	Ministry of Agriculture and Farmers'	44485	48072	51026
2	Ministry of Development of North Eastern Region	2430	2524	2682
3	Ministry of Drinking Water and Sanitation	14010	16512	20011
4	Ministry of Health and Family Welfare	38206	39688	48853
5	Ministry of Housing and Urban Poverty Alleviation	5411	5285	6406
6	Ministry of Human Resource Development	72394	73599	79686
7	Ministry of Micro, Small and Medium Enterprises	3465	5463	6482
8	Ministry of Minority Affairs	3827	3827	4195
9	Ministry of New and Renewable Energy	5036	4360	5473
10	Ministry of Railways	45000	46155	55000
11	Ministry of Road Transport and Highways	57976	52447	64900
12	Ministry of Rural Development	87765	97760	107758
13	Ministry of Skill Development and Entrepreneurship	1804	2173	3016
14	Ministry of Social Justice and Empowerment	7350	7353	7763
15	Ministry of Tribal Affairs	4827	4827	5329
16	Ministry of Urban Development	24523	32550	34212
17	Ministry of Water Resources, River Development and Ganga Rejuvenation	6201	4756	6887
18	Ministry of Women and Child Development	17408	17640	22095

Table A II.2
**Allocation for welfare of SC, ST, other vulnerable groups, women,
children and north eastern region**

(In Crores of Rupees)

Sl. No.	Description of the Allocation	BE	RE	BE
		2016-17	2016-17	2017-18
I	Allocation for the welfare of Scheduled Tribes across all ministries	24005	25602	31920
II	Allocation for the welfare of Scheduled Castes across all ministries	38833	40920	52393
III	Allocation for the Welfare of Other Vulnerable Groups	1873	1892	1976
IV	Allocation for North Eastern Region across all ministries	29125	32180	43245
V	Allocation under various schemes for the welfare of women across all ministries	90770	96332	113327
VI	Allocation under various schemes for the welfare of Children across all ministries	65758	66249	71305

Table A II. 3
Sector Totals

(In Crores of Rupees)

Sl No.	Sectors	BE	RE	BE
		2016-17	2016-17	2017-18
1	Agriculture and Allied sectors	48572	52821	58663
2	Rural Development	102543	114947	128560
3	Infrastructure	348952	358634	396135
3a	of which Transport	216268	216903	241387
4	Social sectors	168100	176225	195473
4a	Education and Health	112138	114806	130215
4b	Social sectors with welfare orientation	55962	61419	65258
5	Employment Generation, Skill and Livelihood	12141	14870	17273
6	Scientific Ministries	33467	34359	37435

Source : Expenditure Profile and Expenditure Budget 2017-18

A II. 2 : B to Part A

Table A II. 4
Allocation for important schemes

(In Crores of Rupees)

Sl No.	Name of scheme	BE	RE	BE
		2016-17	2016-17	2017-18
1	Mahatma Gandhi National Rural Employment Guarantee Programme	38500	47499	48000
2	Pradhan Mantri Awas Yojna	20075	20936	29043
3	National Rural Drinking Water Mission	5000	6000	6050
4	National Social Assistance Programme	9500	9500	9500
5	Pradhan Mantri Gram Sadak Yojna	19000	19000	19000
6	National Education Mission including Sarva Shiksha Abhiyan	28330	28251	29556
7	National Programme of Mid-Day Meal in Schools	9700	9700	10000
8	Integrated Child Development Services	16260	16580	20755
9	National Health Mission	20762	22598	27131
10	Swachh Bharat Mission	11300	12800	16248
11	National Livelihood Mission - Ajeevika	3325	3334	4849

(Contd)

Table A II. 4 (Continued)

12	Urban Rejuvenation Mission : AMRUT & Smart Cities Mission	7296	9559	9000
13	Green Revolution	12560	10360	13741
14	White Revolution	1138	1312	1634
15	Blue Revolution	247	392	401
16	Pradhan Mantri Krishi Sinchai Yojana (PMKSY) aggregated across three ministries	5767	5189	7377
17	Mission for Empowerment and Protection for Women	907	821	1089
18	Environment, Forestry and Wildlife	850	819	962
19	Employment Generation Programmes other than MGNREGS, including PM Kaushal Vikas Yojana, ATUFS, PM Mudra Yojana, PMEGP and ASPIRE	8133	10682	11640
20	Pradhan Mantri Fasal Bima Yojana	5500	13240	9000
21	Optical Fibre Cable based network for Defence Services	2710	3210	3000
22	Price Stabilisation Fund for pulses	900	3400	3500
23	Bharatnet 0	6000	10000	
24	Metro Projects	10000	15700	18000
25	Recapitalization of Public Sector Banks according to the Indradhanush scheme	25000	25000	10000
26	Integrated Power Development Scheme and Deen Dayal Upadhyaya Gram Jyoti Yojna	8500	7874	10635
27	Namami Gange- National Ganga Plan	2150	1441	2250
28	Sagarmala	450	406	600
29	LPG connection to poor households	2000	2500	2500

A II. 3 C to Part A**Table A II. 5
Resources Transferred to State and UTs with Legislature***(In Crores of Rupees)*

S1 No.	Name of scheme	Actuals 2016-17	BE 2016-17	RE 2016-17	BE 2017-18
1	Devolution of states' share in taxes	506193	570337	608000	674565
2	Finance Commission Transfers	84579	100646	99115	103101
3	Other Central Transfers to States	238572	254371	277649	303412
4	Total Central Transfers to States (Gross) (1+2+3)	829344	925354	984764	1081078
5	Total Central Transfers to UTs with Legislature (Gross)	5139	5320	5547	3996
6	Total Transfers (Gross) (4+5)	834483	930674	990311	1085074
7	Recovery of Loans and Advances (a+b) 11513	11513	9473	9163	9516
a	States	11454	9028	8730	9083
b	UTs	59	445	433	433
8	Total Central Transfers to States (Net) (4-7a)	817890	916326	976034	1071995
9	Total Central Transfers to UTs with Legislature (Net) (5-7b)	5080	4875	5114	3563
10	Total Transfers from Centre (Net) (8+9)	822970	921201	981148	1075558
	<i>In addition</i>				
11	Special State Government Securities issued from National Small Savings Fund (NSSF)*	58750	26375	13000	15000

Notes *Only Madhya Pradesh, Kerala, Arunachal Pradesh and Delhi have chosen to receive loans from NSSF starting from 2016-17.

Source: Budget at a Glance 2017-18.

Annexure III Part B of Budget Speech

A III.1 Direct Taxes

A III. 1.1 *Additional Revenue Mobilisation (ARM) and Anti-abuse Measures*

- i. It is proposed to extend the provisions of section 115BBDA of the Income-tax Act which provides for levy of tax at the rate of ten per cent. on dividend income exceeding ₹ 10 lakh, to all resident persons except domestic companies or trust or institution or fund registered under section 12AA or referred to in section 10(23C). Presently, these provisions are applicable only to the individuals, Hindu undivided family (HUF) and firms.
- ii. It is proposed to widen the scope of section 56 of the Income-tax Act to provide that any money, immovable property or specified movable property received without consideration or with inadequate consideration, by any person, subject to certain exemption and exceptions, shall be taxable if its value exceeds rupees fifty thousand.
- iii. It is proposed to provide that in case of transfer of unquoted equity shares, where the fair market value, determined in the prescribed manner is less than the consideration received, such fair market value shall be the deemed value of consideration for the purpose of computation of capital gains.
- iv. It is proposed to restrict the exemption from long term capital gains in case of transfer of listed shares by providing that the exemption, subject to notification of certain exceptions, shall be available if security transaction tax has been paid at the time of acquisition of such shares where they have been acquired after 1st October, 2004.
- v. It is proposed to introduce a new provision in the Income-tax Act to provide for tax deduction at source at the rate of five per cent. by an individual or HUF, other than those whose books of account are required to be audited, while making payment of rent of an amount exceeding ₹ 50,000 per month. It is also proposed to provide that such tax shall be deducted and deposited only once in a financial year through a challan-cum-statement. Further, the deductor shall not be required to obtain TAN or file any separate TDS return for this purpose.
- vi. In order to align the transfer pricing provisions with the OECD transfer pricing guidelines and international best practices, it is proposed to insert a new section to provide that the assessee shall make secondary adjustment where the primary adjustment to the transfer price has been made in certain cases. The provision shall apply if the primary adjustment exceeds one crore rupees and the excess money attributable to the adjustment is not brought to India within the prescribed time.
- vii. In order to address the issue of thin capitalisation, it is proposed to provide that the interest paid by an Indian company or permanent establishment of a foreign company, in excess of thirty percent of earnings before interest, taxes, depreciation and amortisation (EBITDA), or interest paid to its associated enterprise, whichever is less, shall not be allowed as deduction in computing its taxable profit. It is also proposed to allow carry forward and set off of the interest so disallowed for eight assessment years.
- viii. In order to address the existing anomaly of interest deduction in respect of let out property vis-à-vis self-occupied property, it is proposed to restrict set off of loss from house property against income under any other head during the current year up to Rs two lakhs. The loss not so set off would be allowed to be carried forward for set off against house property income for eight assessment years.
- ix. It is proposed that donation by an entity registered under section 12A or approved under section 10(23C), to other entity, registered under section 12A, with the direction that such donation shall form part of the corpus, shall not be treated as application of income for charitable purposes.

A III 1. 2 *Rationalisation Measures*

- i. It is proposed to provide that in case of foreign company, sale of leftover stock of crude oil in case of strategic petroleum reserve after the expiry of agreement or the arrangement, subject to fulfilment of certain conditions, shall not be liable to tax in India.
- ii. It is proposed to provide a concessional tax rate of ten per cent. in case of income arising from sale of carbon credit.
- iii. It is proposed to exempt government, foreign missions and state PSUs engaged in business of transportation of passengers from Tax Collection at Source (TCS) provisions relating to purchase of vehicles.
- iv. It is proposed to provide that the fair market value of the asset which has been taken into account for the purpose of computation of accreted income on which tax has been paid in accordance with provisions of Chapter XII-EB of the Income-tax Act, shall be taken as the cost of acquisition of that asset.
- v. It is proposed to modify the conditions of special taxation regime for off shore funds under section 9A of the Income-tax Act so as to provide that the maintenance of minimum fund size would not be necessary in the year in which the fund is being wound up.
- vi. In line with exemption available to the Prime Minister's Relief Fund and certain other funds, it is proposed to provide that the income of the Chief Minister's Relief Fund or the Lieutenant Governor's Relief Fund shall be exempt from tax.
- vii. It is proposed to do away with the provisions enabling the Assessing Officer not to process the return and thus withhold the refund in cases where the return is selected for scrutiny till the completion of assessment. It is however proposed that in cases where grant of refund is likely to adversely affect the interest of revenue, it can be withheld with the approval of the higher authority after recording the reasons in writing.
- viii. It is proposed to provide that certain entities, like, Investor Protection Funds, Core Settlement Guarantee Fund, Tea/Coffee/Rubber Boards, MPEDA, or APDEA; enjoying exemption from levy of income-tax under section 10 of the Income-tax Act shall be required to furnish return of their income.
- ix. In order to ensure timely filing of returns of income, it is proposed to levy a fee in case of delay in filing the return.
- x. It is proposed to provide that if an accountant or a merchant banker or a registered valuer, furnishes incorrect information in a report or certificate, he shall be liable to a penalty of ten thousand rupees for each such default.
- xi. It is proposed to provide that where the amount of foreign tax credit (FTC) allowed against the tax paid under sections 115JB or 115JC of the Income-tax Act exceeds the amount of FTC admissible against the tax payable by the assessee on his income in accordance with the other provisions of the Act, such excess credit shall be ignored while computing the amount of credit under section 115JAA or section 115JD.
- xii. In a case where the foreign tax credit has not been granted to the assessee on the ground that payment of such tax is in dispute, it is proposed to provide, subject to certain conditions, additional time to the Assessing Officer for allowing the said tax credit after such dispute is settled.
- xiii. It is proposed to provide that no person shall receive payment or aggregate of payments of an amount of three lakh rupees or more from a person in a day, or in respect of a single transaction, or in respect of transactions relating to one event or occasion, otherwise than by an account payee cheque or account payee bank draft or use of electronic clearing system through a bank account. Such restriction shall not apply to Government, banks or such other persons or class of persons or receipts notified by the Central Government. It is also proposed to provide for a penalty in case of contravention of this provision.
- xiv. It is proposed to clarify that provisions relating to tax deduction at source shall not apply to exempt compensation received under the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013.

- xv. It is proposed to lower the rate of deduction of tax in case of payments made to a person engaged only in the business of operation of call centre.
- xvi. It is proposed to provide tax neutrality in case of conversion of preference shares of a company into equity shares of that company.
- xvii. It is proposed to provide that the cost of acquisition of share of an Indian company in the hands of demerged foreign company in a tax neutral demerger, shall be taken as the cost of acquisition in the hands of resulting foreign company.
- xviii. It is proposed to provide for grant of interest in case of refund of excess payment of TDS.
- xix. It is proposed to merge the Authority for Advance Ruling (AAR) for Income-Tax with AAR for Customs, Central Excise and Service Tax; and create common AAR. It is also proposed to amend the qualifications for appointment of Chairman and Members.
- xx. It is proposed to make the orders passed by the authority under section 10(23C) of the Income-tax Act, appealable before the Tribunal.
- xxi. It is proposed to authorise the Central Board of Direct Taxes (CBDT), to issue directions or instructions in order to remove hardships faced by the taxpayers in connection with imposition of penalty relating to tax deduction or collection at source.
- xxii. It is proposed to amend the provisions relating to computation of book profit for the purpose of levy of minimum alternate tax (MAT) so as to align it with the Indian Accounting Standards (Ind-AS).
- xxiii. It is proposed to clarify that the amendment made by the Finance Act, 2016 in Section 112 of the Income-tax Act providing for concessional rate of tax in respect of transfer of share of a private limited company shall be applicable retrospectively from assessment year 2013-14.
- xxiv. It is proposed to amend section 10AA of the Income-tax Act so as to provide that the amount of deduction referred therein shall be allowed from the total income computed in accordance with the provisions of the Act before giving effect to the provisions of the said section and that the said deduction shall not exceed the total income.
- xxv. It is proposed to clarify that in the case of furnishing of information relating to payment to a non-resident of any sum whether or not chargeable to tax, the "person responsible for paying" shall be the payer himself, or, if the payer is a company, the company itself including the principal officer thereof.
- xxvi. It is proposed to provide that where any 'term' used in an agreement entered into under sub-section (1) of Section 90 and 90A of the Income-tax Act, is defined under the said agreement, the said term shall be assigned the meaning as provided in the said agreement and where the term is not defined in the agreement, but is defined in the Act, it shall be assigned the meaning as defined in the Act or any technical explanation issued by the Central Government.
- xxvii. It is proposed to provide that where the capital asset referred to in section 35AD of the Income-tax Act is used for an ineligible business and the benefit of said section is withdrawn, the actual cost to the assessee in respect of such asset shall be the actual cost to the assessee, as reduced by an amount equal to the amount of depreciation calculated at the rate in force that would have been allowable had the asset been used for the purposes of business since the date of its acquisition.
- xxviii. It is proposed to provide that a trust or an institution, which has been granted registration, and, has adopted or undertaken modification of the objects subsequently which do not conform to the conditions of registration, shall be required to obtain fresh registration.
- xxix. In order to strengthen the TCS regime, it is proposed to provide that the collectee shall furnish his PAN to the collector, failing which, tax shall be collected at a higher rate.
- xxx. In order to provide parity between an individual who is an employee and an individual who is self-employed, it is proposed to provide that the self-employed

- individual shall be eligible for deduction upto twenty per cent of his gross total income in respect of contribution made to National Pension System Trust.
- xxxi. It is proposed to provide that the authorised officer can, subject to conditions as specified, provisionally attach a property for a period of six months in order to protect the interest of revenue. It is also proposed to provide that he can make a reference to the valuation officer for the purpose of estimation of FMV of a property.
- xxxii. It is proposed to authorise the Joint Director, Deputy Director or the Assistant Director of Income-tax to call for information for the purpose of any enquiry without seeking approval of the higher authority.
- xxxiii. It is proposed to expand the provision of section 133A of the Income-tax Act so as to include any place at which activity for charitable purpose is carried on.
- xxxiv. It is proposed to authorise the CBDT to frame a scheme for centralised issuance of notice calling for information and documents for the purpose of verification of information in its possession, processing of such documents and making the outcome thereof available to the Assessing Officer.
- xxxv. In order to remove hardship, it is proposed to omit section 197(C) of the Finance Act, 2016 which provided for assessment of undisclosed income relating to any period prior to commencement of the Income Declaration Scheme, 2016. However, in search cases, it is proposed to provide that in case tangible evidence is found during the search, the Assessing Officer can assess income upto ten years preceding the year in which search took place.
- xxxvi. In order to strengthen the TDS provisions, it is proposed to provide that a disallowance shall be made in respect of an expenditure incurred against income from other sources unless tax has been deducted thereon at applicable rates.
- xxxvii. In order to maintain the confidentiality of the source of the information and the identity of the informer, it is proposed to clarify that the reasons to believe as recorded by the income-tax authority authorising a search operation or a requisition of books of account or asset, shall not be disclosed to any person, authority or appellate tribunal.
- xxxviii. It is proposed to provide that in case of unit in the consolidated plan of a mutual fund scheme received in lieu of unit in the consolidating plan, the actual cost and the period of holding shall be the cost and the period of holding of the unit in the consolidating plan.
- xxxix. It is proposed to amend the provision of clause 4 of section 10 of the Income-tax Act, 1961 so as to make the correct reference to Foreign Exchange Management Act (FEMA).
- xxxx. It is proposed to provide a sun set clause in respect of deduction allowed to certain persons in respect of investment in listed equity shares and listed units of an equity oriented fund.
- xxxxi. It is proposed to exempt capital gains arising out of transfer of a rupee denominated bond by a non-resident to a non-resident.

A III. 2: Indirect Taxes

A III. 2.1

Table A III. 1
Proposals involving change in duty / tax rates:
Customs

	Commodity From	Rate of Duty To
I. Incentivizing domestic value addition, 'Make in India'		
A. Reduction in Customs duty on inputs and raw materials to reduce costs		
Mineral fuels and Mineral oils		
1.	Liquefied Natural Gas	BCD - 5% BCD - 2.5%
Chemicals & Petrochemicals		
2.	Medium Quality Terephthalic Acid (MTA) & Qualified Terephthalic Acid (QTA)	BCD - 7.5% BCD - 5%
Metals		
3.	Nickel	BCD - 2.5% BCD - Nil
Finished Leather		
4.	Vegetable tanning extracts, namely, Wattle extract and Myrobalan fruit extract	BCD - 7.5% BCD - 2.5%
Capital Goods		
5.	Ball screws, linear motion guides and CNC systems for use in the manufacture of CNC machine tools, subject to actual user condition	Ball screws and liner motion guides BCD - 2.5% CNC systems BCD - 7.5% CNC systems BCD - 10%
Renewable Energy		
6.	All items of machinery required for fuel cell based power generating systems to be set up in the country or for demonstration purposes, subject to certain specified conditions	BCD - 10% /7.5% BCD - 5% CVD - 6%
7.	All items of machinery required for balance of systems operating on biogas/ bio-methane/by-product hydrogen, subject to certain specified conditions	BCD - 10% /7.5% BCD - 5% CVD - 12.5% CVD - 6%
Miscellaneous		
8.	All parts for use in the manufacture of LED lights or fixtures, including LED lamps, subject to actual user condition	Applicable BCD 5% BCD,CVD CVD 6%
9.	All inputs for use in the manufacture of LED Driver and MCPCB for LED lights or fixtures, including LED lamps, subject to actual user condition	Applicable BCD 5% BCD
B. Changes in Customs and Excise / CV duty to address the problem of duty inversions in certain sectors		
Chemicals & Petrochemicals		
10.	o-Xylene	BCD - 2.5% BCD - Nil
11.	2-Ethyl Anthraquinone [29146990] for use in manufacture of hydrogen peroxide, subject to actual user condition	BCD - 7.5% BCD - 2.5%
12.	Vinyl Polyethylene Glycol (VPEG) for use in manufacture of Poly	BCD - 10% BCD - 7.5%

	Carboxylate Ether, subject to actual user condition		
	Textiles		
13.	Nylon mono filament yarn for use in monofilament long line system for Tuna fishing, subject to certain specified conditions	BCD - 7.5%	BCD - 5%
	Metals		
14.	Co-polymer coated MS tapes / stainless steel tapes for manufacture of specified telecommunication grade optical fibres or optical fibre cables, subject to actual user condition	BCD - Nil	BCD - 10%
15.	MgO coated cold rolled steel coils [7225 19 90] for use in the manufacture of CRGO steel, subject to actual user condition	BCD - 10%	BCD - 5%
16.	Hot Rolled Coils [7208] for use in the manufacture of welded tubes and pipes falling under heading 7305 or 7306, subject to actual user condition	BCD - 12.5%	BCD - 10%
	Automobiles		
17.	Clay 2 Powder (Alumax) for use in ceramic substrate for catalytic converters, subject to actual user condition	BCD - 7.5%	BCD - 5%
	Renewable Energy		
18.	Solar tempered glass for use in the manufacture of solar cells/panels/modules	BCD - 5%	BCD - Nil
19.	Parts/raw materials for use in the manufacture of solar tempered glass for use in solar photovoltaic cells/modules, solar power generating equipment or systems, flat plate solar collector, solar photovoltaic module and panel for water pumping and other applications, subject to actual user condition	CVD - 12.5%	CVD - 6%
20.	Resin and catalyst for use in the manufacture of cast components for Wind Operated Energy Generators [WOG], subject to actual user condition	BCD - 7.5% CVD - 12.5% SAD - 4%	BCD - 5% CVD - Nil SAD - Nil
	Miscellaneous		
21.	Membrane Sheet and Tricot / Spacer for use in the manufacture of RO membrane element for household type filters, subject to actual user condition	CVD - 12.5%	CVD - 6%
C. Changes in Customs duty to provide adequate protection to domestic industry			
	Food Processing		
22.	Cashew nut, roasted, salted or roasted and salted	BCD - 30%	BCD - 45%
	Electronics / Hardware		
23.	Populated Printed Circuit Boards (PCBs) for	SAD - Nil	SAD - 2%
	Miscellaneous		
24.	RO membrane element for household type filters	BCD - 7.5%	BCD - 10%
D. Promotion of cashless transactions and promote domestic manufacturing of devices used therefor			
25.	a) Miniaturized POS card reader for m-POS	Applicable	

(Contd)

	(not including mobile phones or tablet computer)	BCD, CVD SAD	BCD Nil CVD Nil SAD Nil
	b) Micro ATM as per standards version 1.5.1,		
	c) Finger Print Reader / Scanner, and		
	d) Iris Scanner		
26.	Parts and components for manufacture of:		
	a) miniaturized POS card reader for m-POS (not including mobile phones or tablet computer),	Applicable BCD, CVD SAD	BCD Nil CVD Nil SAD Nil
	b) micro ATM as per standards version 1.5.1,		
	c) Finger Print Reader / Scanner, and		
	d) Iris Scanner		
II. Imposition of export duty to conserve domestic resources			
27.	Other aluminium ores, including laterite	Nil	15%
III. Improving ease of doing business and Export Promotion			
28.	De-minimis customs duties exemption limit for goods imported through parcels, packets and letters	Duty payable not exceeding Rs.100 per consignment exceeding	CIF value not Rs.1000 per consignment
29.	Limit of duty free import of eligible items for manufacture of leather footwear or synthetic footwear or other leather products for use in the manufacture of said goods for export	3% of FOB value of said goods exported during the preceding financial year	5% of FOB value of said goods exported during the preceding financial year
IV. Anti-avoidance measure			
30.	Silver medallion, silver coins, having silver content not below 99.9%, semi-manufactured form of silver and articles of silver	CVD - Nil	CVD - 12.5%
Note:	(a) "Basic Customs Duty" means the customs duty levied under the Customs Act, 1962.		
	(b) "CVD" means the Additional Duty of Customs levied under sub-section (1) of section 3 of the Customs Tariff Act, 1975.		
	(c) "SAD" means the Special Additional Duty of Customs levied under sub-section (5) of section 3 of the Customs Tariff Act, 1975.		
	(d) "Export duty" means duty of Customs leviable on goods specified in the Second Schedule to the Customs Tariff Act, 1975.		

Table A III. 2
Excise

	Commodity From	Rate of Duty To
I. Public Health		
A. Tobacco and Tobacco Products		
1.	Cigar and cheroots	12.5% or Rs.3755 per thousand, whichever is higher
2.	Cigarillos	12.5% or Rs.3755 thousand, whichever is higher
3.	Cigarettes of tobacco substitutes	Rs.3755 per thousand
4.	Cigarillos of tobacco	12.5% or Rs.3755 per whichever is higher
5.	Others of tobacco substitutes	12.5% or Rs.3755 whichever is higher
6.	Paper rolled biris - handmade	Rs.21 per thousand
7.	Paper rolled biris - machine made	Rs.21 per thousand
II. Incentivizing domestic value addition, 'Make in India'		
A. Renewable Energy		
8.	All items of machinery required for balance of systems operating on biogas/ bio-methane/ by-product hydrogen	12.5%
B. Miscellaneous		
9.	Membrane Sheet and Tricot/Spacer for use in the manufacture of RO membrane element for household type filters, subject to actual user condition	12.5%
10.	All parts for use in the manufacture of LED lights or fixtures, including LED lamps, subject to actual user condition	Applicable duty
11.	a. Waste and scrap of precious metals or metals clad with precious metals arising in course of manufacture of goods failing in	6%

(Contd)

Table A III. 2(Continued)

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	b. Strips, wires, sheets, plates and foils of silver.		
	c. Articles of silver jewellery, other than those studded with diamond, ruby, emerald or sapphired.	Nil	
	d. Silver coin of purity 99.9% and above, bearing a brand name when manufactured from silver on which appropriate duty of customs or excise has been paid	Nil, subject to the condition that no credit of duty paid on inputs or input services or capital goods has been availed by manufacturer of such goods	
III. Promotion of cashless transactions and promote domestic manufacturing of devices used therefor			
12.	a) Miniaturized POS card reader for m-POS (not including mobile phones or tablet computers), b) micro ATM as per standards version 1.5.1, c) Finger Print Reader / Scanner, and d) Iris Scanner	Applicable duty	Nil
13.	Parts and Components for manufacture of: a) Miniaturized POS card reader for m-POS (not including mobile phones or tablet computers), b) Micro ATM as per standards version 1.5.1, c) Finger Print Reader / Scanner, and d) Iris Scanner	Applicable duty	Nil

Note : "Basic Excise Duty" means the excise duty set forth in the First Schedule to the Central Excise Tariff Act, 1985.

Table A III. 3
Changes in rate of additional duty levied under section 85
of the finance act, 2005

	Commodity	Rate of Duty	
		From	To
A.	Pan Masala		
	1. Pan Masala	6%	9%
B.	Tobacco and Tobacco Products		
	2. Unmanufactured tobacco	4.2%	8.3%
	3. Non-filter Cigarettes of length not exceeding 65mm	Rs.215 per thousand	Rs.311 per thousand
	4. Non-filter Cigarettes of length exceeding 65mm but not exceeding 70mm	Rs.370 per thousand	Rs.541 per thousand

(Contd)

Table A III. 3 (Continued)

5.	Filter Cigarettes of length not exceeding 65mm	Rs.215 per thousand	Rs.311 per thousand
6.	Filter Cigarettes of length exceeding 65mm but not exceeding 70mm	Rs.260 per thousand	Rs.386 per thousand
7.	Filter Cigarettes of length exceeding 70mm but not exceeding 75mm	Rs.370 per thousand	Rs.541 per thousand
8.	Other Cigarettes	Rs.560 per thousand	Rs.811 per thousand
9.	Chewing tobacco (including filter khaini)	6%	12%
10.	Jarda scented tobacco	6%	12%
11.	Pan Masala containing Tobacco (Gutkha)	6%	12%

**Table A III. 4
Service tax**

S.No.	Changes	Proposed	Existing
A.	Relief to the armed forces of the Union from service tax		
1.	Services provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds by way of life insurance to members of the Army, Navy and Air Force under the Group Insurance Schemes of the Central Government is being exempted from service tax from 10 th September, 2004 (the date when the services of life insurance became taxable).	14%	Nil
B.	Dispute resolution, certainty of taxation and avoidance of litigation		
1.	Notification No. 41/2016-ST dated 22.09.2016, which has exempted from service tax, one time upfront amount (called as premium, salami, cost, price, development charges or by whatever name) payable for grant of long-term lease of industrial plots (30 years or more) by State Government industrial development corporations/ undertakings to industrial units, is proposed to be made effective from 1.6.2007 (the date when the services of renting of immovable property became taxable).	14%	Nil
2.	Rule 2A of the Service Tax (Determination of Value) Rules, 2006 is proposed to be amended from 01.07.2010 so as to make it clear that value of service portion in execution of works contract involving transfer of goods and land or undivided share of land, as the case may be, shall not include value of property in such land or undivided share of land.	4.2%	4.2%
C.	Promotion of Regional Connectivity Scheme of Ministry of Civil Aviation		
1.	Under the Regional Connectivity Scheme (RCS), exemption from service tax is being provided in respect of the amount of viability gap funding (VGF) payable to the airline operator for providing the services of transport of passengers by air, embarking from or terminating in a Regional Connectivity Scheme (RCS) airport, for a period of one year from the date of commencement of operations of the Regional Connectivity Scheme (RCS) airport as notified by Ministry of Civil Aviation.	14%	Nil

(Contd)

Table A III. 4 (Continued)

D. Rationalization Measures		
1. The exemption in respect of services provided by Indian Institutes of Management (IIMs) by way of two year full time residential Post Graduate Programmes (PGP) in Management for the Post Graduate Diploma in Management (PGDM), to which admissions are made on the basis of the Common Admission Test (CAT), conducted by IIMs, is being extended to include non-residential programmes.	14 %	Nil
2. Explanation-I (e) to Rule 6 of CENVAT Credit Rules, 2004 is being amended so as to exclude banks and financial institutions including non-banking financial companies engaged in providing services by way of extending deposits, loans or advances from its ambit.		
3. The Negative List entry in respect of "services by way of carrying out any process amounting to manufacture or production of goods excluding alcoholic liquor for human consumption", in the Finance Act, 1994, is proposed to be omitted and instead placed in the exemption notification. Consequently, clause (40) of section 65B of the Finance Act, which defines 'process amounting to manufacture' is also proposed to be omitted and instead placed in the exemption notification.	Nil	Nil

Table A III. 5
Amendment in the first schedule to the customs tariff act, 1975

S.No.	Amendment
A. Amendments not affecting rates of duty	
1.	The following amendments are being carried out to:
(i)	Delete tariff items 1302 32 10 and 1302 32 20 and entries relating thereto and create new tariff items 1106 10 10 and 1106 10 90, in relation to Guar meal and its products so as to harmonize the Customs Tariff with HS Nomenclature.
(ii)	Create new tariff item 1511 90 30 for Refined bleached deodorized palm stearin, so as to harmonize Customs Tariff in accordance with WCO classification decision.
(iii)	Substitute tariff items 3823 11 11 to 3823 11 90 and entries relating thereto with tariff item 3823 11 00.
(iv)	Substitute tariff items 3904 10 10 to 3904 22 90 with tariff items 3904 10 10 to 3904 22 00 in relation to the PVC Resin.
2.	Chapter Note (4) of Chapter 98 is being amended so as to remove the non-applicability of headings 9803 and 9804 to goods imported through courier service. Also, heading 9804 is being amended so as to extend the classification of personal imports by courier, sea, or land under this heading.