

Government of India
Ministry of Finance
Department of Revenue
Tax Research Unit

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D.O.F.No.334/5/2015-TRU
New Delhi, the 30th April, 2015.

Dear Principal Chief Commissioner / Chief Commissioner / Director General,

While replying to the discussions on the Finance Bill, 2015 in Lok Sabha today, Finance Minister has announced certain further changes in Central Excise and Customs duty rates. Notifications No.23 to No.27/2015-Central Excise and notifications No.28 to No.30/2015-Customs, all dated 30th April, 2015 have been issued to give effect to these announcements. Notifications No.12 and No.13/2015-Central Excise (N.T.), dated 30th April, 2015 has also been issued in this regard. As regards Service Tax, notification No.12/2015-Service Tax, dated 30.04.2015 has been issued.

2. The changes introduced through these notifications are summarised below. In addition, a clarification regarding applicability of customs duty exemption notifications has also been provided. Unless otherwise stated, all changes in rates of duty take effect from the midnight of 29th April / 30th April, 2015.

CUSTOMS:

- 1) Basic Customs Duty on raw and refined / white sugar has been increased from 25% to 40%. S.Nos.76, 77 and 78 of notification No.12/2012-Customs, dated 17.03.2012 as amended by notification No.28/2015-Customs, dated 30.04.2015 refer.
- 2) Basic Customs Duty on Colemanite and other Boron ores has been reduced from 2.5% to Nil. S.No.113 of notification No.12/2012-Customs, dated 17.03.2012 as amended by notification No.28/2015-Customs, dated 30.04.2015 refers. S.No.113A has been omitted since ulexite ore, being a boron ore, will be eligible for Nil duty under S.No.113.
- 3) Basic Customs Duty on natural rubber (NR) has been increased from 20% or Rs. 30 per kg., whichever is lower, to 25% or Rs. 30 per kg., whichever is lower. S.No.252 of notification No.12/2012-Customs, dated 17.03.2012 as amended by notification No.28/2015-Customs, dated 30.04.2015 refers.
- 4) Basic Customs Duty on raw silk (not thrown) has been reduced from 15% to 10%. S.No.276 of notification No.12/2012-Customs, dated 17.03.2012 as amended by notification No.28/2015-Customs, dated 30.04.2015 refers.

- 5) All Digital Still Image Video Cameras (DSC) falling under tariff item 8525 80 20 irrespective of their specification [including the restriction with reference to video recording time] and their parts are being exempted from Basic Customs Duty. S.No.428A and 429 of notification No.12/2012-Customs, dated 17.03.2012 as amended by notification No.28/2015-Customs, dated 30.04.2015 refer.
- 6) Export duty on iron ore fines (below 58% Fe content) [falling under tariff lines 2601 11 41 and 2601 11 42] has been reduced from 30% to 10%. There is no change in the export duty rate on iron ore other than iron ore fines (below 58% Fe content). Notification No.27/2011-Customs, dated 01.03.2011 as amended by notification No.30/2015-Customs, dated 30.04.2015 [new S.No.20A refers].
- 7) Exemption from additional duty of customs levied under section 3 of the Customs Tariff Act (both CVD and SAD) in respect of certain entries of notification No.39/96-Customs, dated 23.07.1996 are being withdrawn. Exemption from Basic Customs Duty in respect of these entries, however, would continue. Paragraph 2 of the notification No.39/96-Customs, dated 23.07.1996 as amended by notification No.29/2015-Customs dated 30.04.2015 refers. Further, exemption from Basic Customs Duty, CVD and SAD in respect of direct imports by the Government of India and the State Governments would continue. Notification No.39/96-Customs, dated 23.07.1996 as amended by notification No.29/2015-Customs dated 30.04.2015 [amended S. Nos.9 and 10] refer. **These changes, however, will be effective from 01.06.2015.**

EXCISE:

- 1) The speed range for 'jarda scented tobacco' has been divided into two ranges (as in case of chewing tobacco),
 - a. first upto 300 pouches per minute; and
 - b. second from 301 onwards,
 and the deemed capacity and duty payable have been notified accordingly. Notification No.11/2010-Central Excise (N.T.), dated 27.02.2010 [The Chewing Tobacco and Unmanufactured Tobacco Packing Machines (Capacity Determination and Collection of Duty) Rules, 2010] as amended by notification No.13/2015-Central Excise (N.T.), dated 30.04.2015 [for deemed capacity of production] and notification No.16/2010-Central Excise, dated the 27.02.2010 as amended by notification No.25/2015-Central Excise, dated the 30.04.2015 [for duty payable per machine per month] refer.
- 2) Excise duty exemption on finishing agents, dye carriers to accelerate the dyeing or fixing of dye-stuffs, printing paste and other products and preparations of any kind used in the same factory for the manufacture of textiles and textile articles has been withdrawn. S.No.133 of notification No.12/2012-Central Excise, dated 17.03.2012 as omitted by notification No.24/2015-Central Excise, dated 30.04.2015 refers.
- 3) The concessional excise duty (and hence, CVD) of 6% on Hard disk, CD ROM drive, DVD drive or writer, Combo drive, flash memory, microprocessors has been restricted only to actual users for manufacture of computer (PCs/desktops) falling under heading

8471. S.No.255/2012-Central Excise, dated 17.03.2012 as amended by notification No.24/2015-Central Excise, dated 30.04.2015 refers.

- 4) Excise duty exemption presently available to Ordnance Factories is being withdrawn. S.No.1 and 6 of notification No.62/95-CE dated 16.03.1995 as omitted by notification No.23/2015-Central Excise, dated 30.04.2015 refers. Further, excise duty exemption presently available to Defence PSUs is being withdrawn. S.No.2 and 16 of notification No.63/95-CE dated 16.03.1995 as omitted by notification No.23/2015-Central Excise, dated 30.04.2015 refers. **These changes, however, will be effective from 01.06.2015.**
- 5) An Explanation has been inserted in notifications No.14/2015-Central Excise and 15/2015-Central Excise, both dated 01.03.2015 to provide that exemption from Education Cess and Secondary & Higher Education Cess contained therein will also apply to DTA clearances of excisable goods from 100% EOU. Notification No.14/2015-Central Excise, dated 01.03.2015 as amended by notification No.26/2015-Central Excise, dated 30.04.2015; and notification No.15/2015-Central Excise, dated 01.03.2015 as amended by notification No.27/2015-Central Excise, dated 30.04.2015 refers.

The CENVAT Credit Rules, 2004 (CCR, 2004):

- 1) Rule 3(7)(b) of the CCR, 2004 has been amended so as to allow utilisation of credit of Education Cess and Secondary & Higher Education Cess for payment of basic excise duty in the following situations:
 - a. Education Cess and Secondary & Higher Education Cess on inputs or capital goods **received in** the factory of manufacture of final product on or after the 1st day of March, 2015;
 - b. Balance 50% Education Cess and Secondary & Higher Education Cess on capital goods **received in** the factory of manufacture of final product in the financial year 2014-15; and
 - c. Education Cess and Secondary & Higher Education Cess on input services **received by** the manufacturer of final product on or after the 1st day of March, 2015.

Notification No.12/2015-Central Excise (N.T.), dated 30.04.2015 refers.

CLARIFICATION: The issue as to whether an importer can simultaneously avail the exemption benefits under two notifications, one for Basic Customs Duty and the other for CVD was examined in the Ministry in the matter of import of coal from Indonesia and vide Circular No.41/2013-Customs dated 21.10.2013 it was clarified that an importer while availing of BCD exemption on steam coal under notification No.46/2011-Customs, dated 01.06.2011 can simultaneously avail of concessional CVD at 2% under S.No.123 of notification No.12/2012-Customs, dated 17.03.2012. Drawing the same analogy, in the case of muriate of potash and urea for use in the manufacture of other fertilizers, it was clarified to the Central Excise zone of Visakhapatnam and Bhubaneswar that importers can simultaneously avail benefit of S.No.198 or 203 of notification No.12/2012-Customs, dated 17.03.2012 for concessional rate of BCD and

S.No.127 of notification No.12/2012-Central Excise for CVD exemption. Representations have been received regarding divergence in assessment practice in respect of such imports. It is, therefore, clarified that importers can avail of the benefit of notification No.12/2012-Customs, dated 17.03.2012 for the purposes of BCD [i.e. S.No.197 to 203 as amended by notification No.46/2012-Customs, dated 17.08.2012] and simultaneously avail benefit of S.No.127 of notification No.12/2012-Central Excise, dated 17.03.2012 for the purposes of CVD where such imports are for use in the manufacture of other fertilizers.

SERVICE TAX:

- 1) Service tax on services of Life Insurance business provided under Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) have been exempted.
- 2) Service tax on services of Life Insurance business provided under Pradhan Mantri Jan Dhan Yojana (PMJDY) have been exempted.
- 3) Service tax on services of General Insurance business provided under Pradhan Mantri Suraksha Bima Yojana (PMSBY) have been exempted.
- 4) Service tax on services by way of collection of contribution under Atal Pension Yojana (APY) have been exempted.

[Notification No.25/2012-Service Tax, dated 20.06.2012 as amended by notification No.12/2015-Service Tax, dated 30.04.2015 [item (p) of entry.26 and items (e) and (f) of entries 26A and 26B refer.]

With warm regards,

Yours sincerely,

(Alok Shukla)
Joint Secretary (TRU-I)

To:

All Principal Chief Commissioners,
All Chief Commissioners / Directors General,

Copy to:

All Principal Commissioners,
All Commissioners,
Director DPPR / Logistics / Legal Affairs / Data Management.