

Highlights of Budget 2014-2015

DIRECT TAXES

1. Slab raised by Rs. 50,000

Rs. 2 lakh to Rs. 2.5 lakh	Individual taxpayers below the age of 60 years
Rs. 2.5 lakh to Rs. 3 lakh	Senior citizens below age of 80 years

2. No change in the rate of surcharge & Education cess
3. Investment limit u/s 80C raised from Rs. 1 lakh to Rs. 1.5 lakh
4. Deduction of interest on loan housing loan raised from Rs. 1.5 lakh to Rs. 2 lakh.
5. Allowance @ 15% for investment more than Rs. 25 crore in new plant and machinery by manufacturing company. The benefit available upto 31.03.2017.
6. 30% of expenses will be disallowed for non deduction of tax instead of 100%.
7. Investment linked deduction extended to slurry pipelines for the transportation of iron ore and semi-conductor wafer fabrication manufacturing units.
8. Sunset date u/s 80-IA for Power sector has been extended for a further period upto 31/03/2017
9. Rate of tax on LTCG increased from 10% to 20% on transfer of units of Mutual Funds.
10. Income of foreign portfolio investors from securities to be treated as capital gains.
11. Benefit of concessional rate of 15 % on foreign dividends to be continued.
12. Eligible date of borrowing in foreign currency extended from 30.06.2015 to 30.06.2017 for a concessional tax rate of 5% on interest payments. The benefit also extended to all types of bonds.
13. Introduced "Roll Back" provision in the Advanced Pricing Agreement (APA) scheme so that an APA entered into for future transactions is also applicable to international transactions undertaken in previous four years in specified circumstances.
14. In transfer pricing regulations
 - Introduced range concept for determination of ALP
 - Allow the use of multiple year data for comparability analysis
15. Income and dividend distribution tax to be levied on gross amount.

Others

- Net Effect of the direct tax proposals to result in revenue loss of Rs. 22,200 crore.
- 60 more Ayakar Seva Kendras to be opened during the current F.Y.
- Conducive tax regime to Infrastructure Investment Trusts and Real Estate Investment Trusts to be set up in accordance with regulations of the SEBI.

INDIRECT TAXES

Excise

1. Excise duty increased

Pan masala	from 12 % to 16%
Unmanufactured tobacco	from 50% to 55%
Gutkha and chewing tobacco	from 60 % to 70%
Cigarettes (<i>special Rate of Excise duty</i>)	range of 11 % to 72 %.

2. Reduction in excise duty

Specified food processing and packaging machinery	from 10% to 6%
Footwear of retail (price from Rs. 500 to Rs. 1,000 per pair)	from 12% to 6%

3. On smart cards levy of uniform excise duty @ 12 % (benefit of concessional excise duty 2% without Cenvat benefit and 6 % with Cenvat withdrawn).
4. Exemption to Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY) manufactured from plastic waste and scrap including PET bottles w.e.f. 29/06/2010 to 07/05/2012. Further, prospective levy of a nominal duty of 2% without Cenvat benefit and 6% with Cenvat benefit on such PSF and PFY.
5. On sports gloves the concessional excise duty of 2 % without Cenvat benefit and 6 % with Cenvat benefit.
6. Additional excise duty @ 5 % on aerated waters containing added sugar.
7. To finance Clean Environment initiatives, Clean Energy Cess increased from Rs. 50 to Rs. 100 per tonne.

Customs

8. Free baggage allowance increased from Rs. 35,000 to Rs. 45,000.
9. BCD on semi-processed/ half cut or broken diamonds, cut and polished diamonds and coloured gemstones rationalized at 2.5%.
10. Pre-forms of precious and semi-precious stones exempted from BCD.
11. Duty free entitlement for import of trimmings, embellishments and other specified items increased from 3% to 5% of the value of their export, for readymade garments.
12. Duty on ship breaking scrap and melting scrap of iron or steel rationalized by reducing BCD on ships imported for breaking up from 5% to 2.5%.
13. Reduction in BCD from 10 % to 5% on forged steel rings used in the manufacture of bearings of wind operated electricity generators. Exemption from SAD of 4% on parts and raw materials required for the manufacture of wind operated generators.
14. BCD reduced on new investment and capacity addition in the chemicals and petrochemicals sector and other certain items.
15. Concessional BCD of 5% extended to machinery and equipment required for solar energy production.

16. Concessional BCD of 5 % on machinery and equipment required for setting up of compressed biogas plants (Bio-CNG).
17. Colour picture tubes exempted from BCD and LCD/LED TVs below 19 inches the BCD reduced from 10 % to Nil.
18. Exemption from BCD to Specified inputs for use in manufacture of EVA sheets and back sheets and flat copper wire for the manufacture of PV ribbons.
19. BCD increased on imported flat-rolled products of stainless steel from 5% to 7.5%.
20. Anthracite coal, bituminous coal, coking coal, steam coal and other coal to attract 2.5% BCD and 2% CVD to eliminate all assessment disputes and transaction costs associated with testing of various parameters of coal.
21. Levy BCD on metallurgical coke @ 2.5%.
22. Export duty on bauxite increased from 10 % to 20%.

Service Tax.

1. Broaden tax base
 - i. the sale of space/ time for advertisements on online and mobile media (*but sale of space for advertisements in print media would remain excluded*)
 - ii. Service provided by radio-taxis
 - iii. Services by air-conditioned contract carriages
 - iv. Technical testing of newly developed drugs on human participants
2. Services provided by Indian tour operators to foreign tourists for tour wholly conducted outside India are out of the tax net.
3. Cenvat credit to be allowed for services of rent-a-cab and tour operators.
4. Exempt - The loading, unloading, storage, warehousing and transportation of cotton, whether ginned or baled.
5. Exempt - Services provided prior to 01/07/2012 by the ESI Corporation
6. The benefit of exemption available to specified micro insurance schemes also expanded to life micro-insurance schemes subject to the sum assured of Rs. 50, 000 or less per life insured.
7. Exempt - Services provided by common biomedical waste treatment facilities
8. The scheme of Advance Ruling in indirect taxes to be expanded to cover resident Pvt. Ltd. Companies.
9. The scope of Settlement Commission to be enlarged to facilitate quick dispute resolution.

Others

- Tax proposals on the indirect taxes side are estimated to yield Rs. 7,525 crore.
- To promote Indian Shipping industry, the tax incidence to be reduced on transport of goods through coastal vessels and amend the services Rules.
- Customs clearance facility extended to 13 more airports in respect of all export goods and to 14 more sea ports in respect of specified import and export goods
- 'Indian Customs Single Window Project' (ICSWP) to facilitate trade, to be implemented.
- Amend the Customs and Central Excise Acts to expedite the process of disposal of appeals.