

Highlights of Union Budget 2014-15
Presented by Hon'ble Finance Minister on
10th July, 2014

Central Excise - Tariff

Proposals involving changes in rates of duty:

(I) AGRICULTURE/AGRO PROCESSING/PLANTATION SECTOR:

Reduction of Excise duty from 10% to 6% on machinery used for the preparation of meat, poultry, fruits, nuts or vegetables, manufacture of wine, cider, fruit juices or similar beverages and their packaging machineries

(II) AUTOMOBILES:

Exemption from Excise duty on parts of tractors supplied from one tractor manufacturer factory to another factory of the same manufacturer for manufacture of tractors.

III. METALS:

Excise duty on winding wires of copper is being increased from 10% to 12%.

IV. PRECIOUS METALS

Exemption from excise duty on un-branded articles of precious metals for the period 01.03.2011 to 16.03.2012.

V. TEXTILES:

1. Retrospective exemption from excise duty on Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY) manufactured from plastic waste or scrap bottles for 29.06.2010 to 07.05.2012 and intermediate product 'Tow' arising during the course of manufacture of such PSF/PFY for 29.06.2010 to 10.07.2014, and
2. Imposition of Excise duty at the rate of 2% (without CENVAT) or 6% (with CENVAT) on Polyester Staple Fiber and Polyester Filament Yarn manufactured from plastic waste or scrap or plastic waste including waste polyethylene terephthalate (PET) bottles w.e.f. 11th July, 2014.

VI. HEALTH:

1. Full exemption from excise duty to
 - a. DDT manufactured by Hindustan Insecticides Limited for supply to the National Vector Borne Diseases Control Programme (NVBDCP) of the Ministry of Health & Family Welfare,
 - b. HIV/AIDS drugs and diagnostic kits supplied under National AIDS Control Programme (NACP) funded by the Global Fund to Fight AIDS, TB and Malaria (GFATM).
2. Increase of Excise duty on
 - a. Cigarettes from 11% to 72% of length not exceeding 65 mm and by 11% to 21% for cigarettes of other lengths. Similar increases are proposed on cigars, cheroots and cigarillos
 - b. Pan masala from 12% to 16%
 - c. Unmanufactured tobacco 50% to 55%
 - d. Jarda scented tobacco, gutkha and chewing tobacco from 60% to 70%.

VII. ELECTRONICS/HARDWARE:

1. Increase of Excise duty from 2% without CENVAT and 6% with CENVAT to a uniform rate of 12%, on recorded smart cards
2. Full exemption from Excise Duty to reverse osmosis (RO) membrane element used in water filtration or purification equipment (other than household type filter) and reduction of excise duty on RO membrane element used in household type filters from 12%/10% to 6%.
3. Reduction of Excise duty on Metal Core PCB and LED driver for use in the manufacture of LED lights and fixtures and LED lamps from 12%/10% to 6%.

VIII. RENEWABLEENERGY

1. Reduction of Excise duty from 12% to Nil on forged steel rings used in the manufacture of bearings of wind operated electricity generators.
2. Full exemption from excise duty on
 - a. Solar tempered glass used in the manufacture of solar photovoltaic cells/modules, solar power generating equipment/system, and flat plate solar collectors

- b. On machinery, equipments, etc. required for setting up of solar energy production projects
- c. On backsheet and EVA sheet used in the manufacture of photovoltaic cells/modules and specified raw materials used in their manufacture.
- d. On parts consumed within the factory of production for the manufacture of non-conventional energy devices
- e. On flat copper wire used in the manufacture of PV ribbons (tinned copper interconnect) for use in the manufacture of solar cells/modules.
- f. On machinery, equipments, etc. required for setting up of compressed biogas plant (Bio-CNG).

IX. CONSUMER GOODS

1. Clarification to provide exemption to heena powder mixed with a liquid, so far that the liquid is a medium to change the form of heena powder into paste but excludes products like heena dye and such other products which are cosmetics and have no ceremonial or traditional value.
2. Reduction of excise duty from 12% to 6% on footwear of retail price exceeding Rs.500 per pair but not exceeding Rs.1,000 per pair.
3. Rationalization of Excise duty on hand operated sewing machine (2% without CENVAT / 6% with CENVAT) by levying concessional excise duty on sewing machines other than those operated with electric motors.
4. Semi- mechanized units manufacturing safety matches, which attract concessional excise duty of 6%, are being allowed to carry out the processes of 'Pasting of labels' and 'Packing' with the aid of power.
5. Extension of Concessional excise duty of 2% without CENVAT credit and 6% with CENVAT credit to gloves specially designed for use in sports.
6. Imposition of an additional duty of excise at the rate of 5% **ad valorem** on aerated waters containing added sugar.

X. ENERGY SECTOR

- 1) Reduction of Central Excise duty on Branded Petrol from Rs.7.50 per litre to Rs. 2.35 per litre.
- 2) Full exemption from Central Excise duty to Liquefied Propane and Butane mixture, Liquefied Propane, Liquefied Butane and Liquefied Petroleum Gases (LPG) for supply to Non-Domestic Exempted Category (NDEC) customers by

the Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited or Bharat Petroleum Corporation Limited retrospectively from 08.02.2013.

- 3) Increase of Clean Energy Cess levied on coal, lignite and peat from Rs.50 per tonne to Rs. 100 per tonne.

XI. SECURITY AND STRATEGIC PURPOSES:

- 1) Full exemption from Excise Duty
 - a. to goods supplied to National Technical Research Organisation (NTRO)
 - b. security threads and security fibre supplied to Security Paper Mill Corporation of India Limited (SPMCIL) and Bank Note Paper Mill India Private Limited (BNPMIPL).

XII. MISCELLANEOUS

1. Imposition of uniform excise duty of 6% with CENVAT on writing and printing paper for printing of educational textbooks.
2. Exemption of Intermediate goods manufactured and consumed captively for further manufacture of matches.
3. Clarification that the scope of the Excise Duty exemption to “all goods supplied against International Competitive Bidding” and hence the said exemption would also available to sub-contractors for manufacture and supply of goods to the main contractor (who has won the bid for the project through ICB) for execution of the said project.
4. Full exemption from Excise duty on plastic materials reprocessed out of the scrap or waste and cleared into the DTA by an EOU.
5. Exemption from Education cess and secondary & higher education cess (customs component) on goods cleared by an EOU into the DTA.
6. Clarification that the exemption from education cess and secondary & higher education cess under notifications No.28/2010-CE and No.29/2010-CE, both dated 22.06.2010 is applicable only in respect of the clean energy cess leviable on coal and not in respect of excise duty leviable on coal.
7. It is being clarified that all goods falling under headings 8601 to 8606 (except 8604) attract 6% excise duty with CENVAT benefit.

MISCELLANEOUS

- 1) The Seventh Schedule to the Finance Act, 2001 dealing with National Calamity Contingent Duty is being amended to omit the tariff item 2402 20 60 as a consequential change to amendment in the First Schedule to the Central Excise Tariff Act.
- 2) This change will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.
- 3) The Seventh Schedule to the Finance Act, 2005 dealing with Additional Excise Duty is being amended so as to:
 - a) Impose an additional duty of excise at the rate of 5% ad valorem on aerated waters containing added sugar.
 - b) omit the tariff item 2402 20 60 as a consequential change to amendment in the First Schedule to the Central Excise Tariff Act.

These changes will come into effect immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931.