

No export of taxes – Cess on exports to be abolished

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At present the export of several agricultural products are subject to levy of cess under different enactment such as, the Agricultural and Processed Food Products Export Cess Act, 1985, the Tobacco Cess Act, 1975, the Spices Cess Act, 1986, the Marine Products Export Development Authority Act, 1975, and the Coffee Act, 1942.

In recent Years, international trade in agricultural products has become extremely challenging for India with the emergence of new competitors. Some of these competitors have a negligible domestic demand and can export almost their entire produce at very cheap rates, thus displacing the conventional demand for Indian products in the international market. Further, many developed countries provide huge subsidies to support their domestic agriculture. These subsidies enable these developed countries to establish and corner large shares in global markets. A cess on Indian exports is a handicap to our exporters and provides other countries exporters with a competitive edge.

From a policy perspective, the Central Government has taken the consistent view that taxes and duties ought not to be exported. The cess levied under all Acts referred to above is unambiguously an export tax. Imposition of such an export duty tax is clearly anomalous and runs counter to policy. It reduces competitiveness of agricultural exports and is plainly unjustifiable. The only action consistent with Government's avowed policy is to do away with the cess collected under above said statutes.

Since the cess is levied as a duty of customs, the exporter is required to go through the rigours of all customs procedures before the commodity can be physically shipped out of the country. This entails transaction costs, delays, and compliance with procedural formalities. Most exporters have complained bitterly about these transaction costs and have strongly pleaded for altogether removing all such cess levies.

The enactments levying the cess do not contain any provision for grant of exemption. It is, therefore, proposed to repeal the Agricultural and processed food products export Cess Act, 1985, the spices Cess Act, 1986, sections 14 and 15 of the Marine products Export Development Authority Act, 1972, sections 11 and 13 of the Coffee Act, 1942; and to amend the Tobacco Cess Act, 1975,

to abolish cess on the export of agricultural products levied under the respective Acts.

Many DDT readers would believe that the above is typical of DDT. But this is from the **STATEMENT OF OBJECTS AND REASONS for THE CESS LAWS (REPEALING AND AMENDING) BILL, 2005** introduced in Parliament recently.

Cheers! Golf Course Resorts can import liquor – Served from India

Golf Course Resorts **having residencies** with catering facility were eligible to use duty credit entitlement scrip issued under **Served From India** Scheme for import of food items and alcoholic beverages. Now it is clarified by DGFT that these resorts not having residencies, but having catering facility will also be eligible for this benefit.

[DGFT CIRCULAR NO. 23 \(RE-2005\)/2004-2009 Date: August 24, 2005](#)

Development Commissioners of SEZ/EOU – DGFT notifies jurisdiction

Normally the Development Commissioner of an EPZ/SEZ was nominated as Development Commissioner for all the EOUs for that state or a few neighbouring states and there used to be not more than one EPZ in a state. Now with proliferation of SEZs, it has become necessary to specify the jurisdiction of Development Commissioners. The DGFT has made all Development Commissioners in charge of major SEZs as Development Commissioners for all the SEZs and EOUs within the state or area of their jurisdiction. Apart from this, certain minor changes are also made in the jurisdiction.

Chattisgarh goes to Visakhapatnam DC from NOIDA. And Arunachal Pradesh goes to FALTA SEZ; It was nowhere before.

[DGFT P.N. NO. 42 \(RE-2005\) /2004-2009 DATED THE 23rd August 2005](#)

Date for filing income tax returns extended in parts of Maharashtra and Karnataka

Considering the disruption due to heavy rains/floods, the Central Board of Direct taxes (CBDT), in exercise of powers conferred under Section 119 of the Income Tax Act, 1961 has extended the due date for filing of returns of income required to be furnished by 31st July, 2005, to 31st October, 2005, in the cases of Income-tax assesseees in 9 districts of Maharashtra namely, Thane, Raigad, Pune, Satara, Sangli, Kolhapur, Nanded, Parbhani and Hingoli and in Belgaum district of Karnataka. But why was this not done before 31st July 2005?

Law Ministry appoints Public Information Officers

In pursuance of the Right to Information Act, 2005, the Legislative Department of the Ministry of Law and Justice, Government of India being a public authority within the meaning of clause (h) of section 2 of the said Act has designated

1. Shri R. C. Gaba, Dy. Secretary, M/o Law & Justice as Central Assistant Public Information Officer, Legislative Department of M/o Law & Justice.
2. Dr. G. Narayana Raju, Additional Legislative Counsel, M/o Law & Justice as Central Public Information Officer, Legislative Department of M/o Law & Justice.
3. Shri N. K. Nampoothiry, Joint Secretary and Legislative Counsel, M/o Law & Justice as Appellate Officer, Legislative Department of M/o Law & Justice.

Let us hope other ministries follow suit soon.

Revenue receipts up – Govt's fiscal blah blah for Q1

The Government has presented its Q1 results to Parliament with all the routine phrases.

++Increase in tax buoyancy,

++ Moderation in pace of expenditure

++ Consequent moderation in the deficit levels.

++ visible impact of tax reforms

++ economy considerably resilient

++ 35% decline in capital expenditure, but only due to a re-classification.

++ efforts to control expenditure on.

++ “value for money” would be ensured

And the Excise collections grew by just 4%

God gives every bird its food, but He does not throw it into its nest.

Until tomorrow with more DDT

Have a nice day.

Mail your comments to vijaywrite@taxindiaonline.com