

Wealth-tax

Clause 57 of the Bill seeks to amend section 17A of the Wealth-tax Act, 1957 relating to time limit for completion of assessment and reassessment.

It is proposed to revise the time limits specified in the said section for completion of assessment and re-assessment. The revised time limits shall be the time limit specified under the aforesaid section, as reduced by three months.

These amendments will take effect from 1st June, 2006.

Customs

Clause 58 seeks to amend section 23 of the Customs Act so as to provide that the owner of imported goods shall not be allowed to relinquish his title to such goods in respect of which an offence appears to have been committed.

Clause 59 seeks to amend section 68 of the Customs Act so as to provide that the owner of warehoused goods shall not be allowed to relinquish his title to such goods in respect of which an offence appears to have been committed.

Clause 60 seeks to amend,-

(a) notification number G.S.R. 423 (E), dated the 20th April, 1992, with retrospective effect, so as to provide that the export obligation shall be refixed based on the actual CIF value assessed by an officer of Customs instead of the notional value of corresponding new capital goods;

(b) notification number G.S.R. 619 (E), dated the 17th September, 2004, with retrospective effect so as to allow benefit of Duty Entitlement Pass Book Scheme to goods imported during the period from the 1st day of October, 2005 to the 3rd day of October, 2005 (both days inclusive).

Customs Tariff

Clause 61 seeks to amend section 9 of the Customs Tariff Act so as to—

(a) substitute the words 'territory of the exporting or producing country' in the Explanation to sub-section (1) by the words 'exporting or producing country or territory' to cover the cases where subsidy is bestowed by a country or by a Customs Union of more than one country or a customs territory;

(b) provide that provisions of Customs Act and the rules and regulations made thereunder, relating to the date for determination of rate of duty, non levy, short levy, refunds, interest, appeals, offences and penalties, shall apply to the duty charged under this section.

Clause 62 seeks to amend section 9A of the Customs Tariff Act so as to substitute the words 'meant for consumption' by the words 'destined for consumption'.

Clause 63 seeks to amend the First Schedule to the Customs Tariff Act so as to,—

(a) (i) increase customs duty in respect of goods falling under tariff item 0409 00 00;

(ii) reduce *ad valorem* rate of customs duty or the *ad valorem* component of customs duty, as the case may be, in respect of goods falling under the following Chapters, headings, sub-headings or tariff items, namely:-

Chapter 25 (except 2510), 26(2620 11 00, 2620 19 00, 2620 30 10 and 2620 30 90), 27 (except 2701 12 00, 2711, 2714, 2716 00 00), 28 (except 2814), 29 (except 2902 43 00, 2905 43 00, 2905 44 00), 30 (except 3006 60 10, 3006 60 20, and 3006 60 30), 31(except 3102 21 00, 3102 50 00, 3104 30 00, 3105 20 00, 3105 30 00, 3105 40 00, 3105 51 00, 3105 59 00, 3105 60 00, 3105 90 10 and

3105 90 90), 32, 33 (except 3301, 3302 10), 34, 35 (3506 and 3507), 36, 37, 38, (except 3809 10 00, 3818 00 10, 3818 00 90, 3823 11, 3823 12 00, 3823 13 00, 3823 19 00, 3823 70 and 3824 60), 39, 40 (except 4001 10, 4001 21 00, 4001 22 00, 4001 29 and 4011 30 00), 41 (except 4101, 4102 and 4103), 42, 43 (except 4301 and 4302 13 00) 44 (except 4401, 4402 and 4403), 45, 46, 47 (4707), 48, 49 (except 4902, 4904 00 00, and 4905), 50 (except 5001 00 00, 5002 and 5003), 51 (except 5101, 5102, 5103, 5105 29 10), 52 (except 5201 5202, and 5203 00 00), 53 (except 5301 and 5302), 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 73, 74, 75, 76, 78, 79, 80, 81, 82, 83, 84 (except 8407 21 00, 8456 91 00, 8469 11 00, 8470, 8471, 8473 21 00, 8473 29 00, 8473 30, and 8473 50 00), 85 (except 8517, 8520 20 00, 8523 11, 8523 12, 8523 13, 8523 20, 8523 90, 8524 31, 8524 40, 8524 91, 8525 20, 8531 20 00, 8532, 8533, 8534 00 00, 8540 40 00, 8541, 8542, 8543 11 00, 8543 81 00 8544 11, 8544 19, 8544 20, 8544 41, 8544 49, 8544 51, 8544 59 and 8544 60), 86, 87 (except 8703, 8710 00 00 and 8711), 88 (except 8802 20 00, 8802 30 00, 8802 40 00, 8803 10 00, 8803 20 00 and 8803 30 00), 89, 90(except 9009 11 00, 9009 21 00, 9009 91 00, 9009 92 00, 9009 93 00, 9009 99 00, 9010 41 00, 9010 42 00, 9010 49 00, 9013 80 10, 9013 90 10, 9026, 9027 20 00, 9027 30, 9027 50, 9027 80, 9030 40 00, 9030 82 00, 9031 41 00), 91, 92, 93, 94, 95, 96, 97 (except 9704), 98 (except 9803 00 00);

(iii) reduce the customs duty for preferential areas in respect of goods falling under the following Chapters, headings, sub-headings or tariff items, namely:-

Chapter 25 (2504), 29 (2917 37 00, 2933 71 00, 2936, 2937, 2939 41, 2939 42 00, 2939 43 00, 2939 49 00, 2939 51 00, 2939 59 00, 2941), 30 (except 3005, 3006) 34 (3402 11 10, 3402 11 90, 3402 12 00, 3402 13 00, 3402 19 00), 38(3801 10 00, 3802 10 00, 3812 10 00, 3815 11 00, 3815 12 10, 3815 12 90); and

(b) incorporate the amendments approved by the Customs Co-operation Council (World Customs Organization) in the legal text of the International Convention on the Harmonized Commodity Description and Harmonized Coding System to align the said Schedule with effect from 1st day of January, 2007 with the Harmonized System of Nomenclature.

Excise

Clause 64 seeks to amend section 12C of the Central Excise Act so as to provide that the surplus amount of service tax collected from any person after adjustment of said tax, shall be credited to the Consumer Welfare Fund.

Clause 65 seeks to amend section 23C of the Central Excise Act so as to confer on the Advance Ruling Authority the power to decide the excisability of any product.

Clause 66 seeks to amend the Third Schedule to the Central Excise Act so as to insert, omit or amend certain items and entries—

(a) in Part I, with effect from the 1st day of January, 2007; and

(b) in Part II, from a date to be notified by the Central Government.

Excise Tariff

Clause 67 seeks to amend the First Schedule to the Central Excise Tariff Act so as to-

(a) (i) decrease the tariff rate in respect of goods falling under Chapters 16, 19 (1902 11 00, 1902 19 00, 1902 20 10, 1902 20 90, 1902 30 10 and 1902 30 90, 1905 31 00, 1905 32 19, 1905 90 10 and 1905 90 20), 21(2105 00 00), 50 (5004 00 90, 5005 00 21, 5005 00 22, 5006 00 31, 5006 00 32, 5006 00 33 and 5006 00 39), 51(5105, 5106, 5107, 5108, 5109, 5110, 5111, 5112 and 5113), 52 (5204, 5205, 5206, 5207, 5208, 5209, 5210, 5211 and 5212), 53 (5302, 5304, 5305 {except 5305 90 10}, 5306, 5308 20 00, 5308 90 10, 5308 90 90, 5309, 5310 and 5311), 54 (except 5402, 5403 and 5406), 55 (5508, 5509, 5510, 5511, 5512, 5513, 5514, 5515 and 5516), 56 (except tariff items 5601 10 00, 5601 22 00, 5607 10 10, 5607 10 90, 5608 11 10 and 5608 11 90), 57, 58 (except 5804 30 00, 5805 00 10, 5805 00 20, 5805 00 90, 5807 10 10, 5807 10 20, 5807 10 90, 5807 90 10 and 5807 90 90), 59(except 5902 10 10 and 5902 10 90), 60, 61, 62 and 63(except 6309 00 00, and 6310);

(ii) increase the tariff rate in respect of goods falling under Chapters 24(2402 20 10, 2402 20 20, 2402 20 30, 2402 20 40, 2402 20 50, 2402 20 90) 2403 10 31, 2403 10 39, 25 (2503 00 10) and 85 (8524 31 11, 8524 31 19, 8524 40 11, 8524 40 19, 8524 91 11, 8524 91 12, 8524 91 13 and 8524 91 19);

(iii) merge the rates specified in the Second Schedule with the rates specified in the First Schedule in respect of goods falling under Chapter 21(2106 90 20), 24 (2401, 2403 10 10, 2403 91 00, 2403 99 10, 2403 99 20, 2403 99 30, 2403 99 40, 2403 99 50, 2403 99 60 and 2403 99 90) and 87 (8702 10 11, 8702 10 12, 8702 10 19, 8702 90 11, 8702 90 12, 8702 90 13, 8702 90 19, 8703, 8704 10 90, 8704 31 10, 8704 31 90, 8704 32 11, 8704 32 19, 8704 32 90, 8704 90 11, 8704 90 12, 8704 90 19, 8704 90 90, 8706 00 21, 8706 00 39, 8706 00 43 and 8706 00 49);

(iv) insert a Note in Chapters 25, 32, 39, 72 and 73 to the effect that the process mentioned therein shall amount to manufacture; and

(v) insert/substitute tariff items in headings 2812 and 2851 of Chapter 28 and headings 2903, 2904, 2905, 2918, 2920, 2921, 2922, 2930, 2933 and 2939 of Chapter 29, so as to align the said Schedule with the First Schedule to Customs Tariff Act;

(b) further amend the First Schedule to incorporate the amendments approved by the Customs Co-operation Council (World Customs Organisation) in the legal text of the International Convention on the Harmonised Commodity Description and Harmonised Coding System to align the said Schedule with effect from the 1st day of January, 2007, with the Harmonised System of Nomenclature.

Service tax

Clause 68 of the Bill seeks to amend Chapter V of the Finance Act, 1994, relating to service tax in the manner, namely:-

(1) sub-clause (A) seeks to amend section 65 so as to,—

(a) define the terms—auction of property, automated teller machine, automated teller machine operations, maintenance or management service, banker to an issue, credit card, debit card, charge card or other payment card service, customs airport, international journey, internet, internet telephony, issue, passenger, public relations, registrar to an issue, share transfer agent, ship management service, sponsorship, support services of business or commerce, aircraft operator; management,

maintenance or repair;

(b) specify the scope of the following services — banking and other financial services, management consultancy services, insurance services, maintenance or repair services, erection, commissioning or installation services, consulting engineers service, business auxiliary service, registrar to an issue, share transfer agent, automated teller machines operations, maintenance or management service, recovery of any sums due to any person other than an individual, sale of space or time for advertisement other than in print media, sponsorship other than sports events, aircraft operation in relation to international journey, transport of goods in containers by rail by any person other than Government railway, support services of business or commerce, auctioneer services, public relations services, ship management services, internet telephony services, transport of persons by cruise ship, credit card, debit card, charge card or other payment card services;

(2) sub-clause (B) seeks to amend section 66 so as to enhance the rate of service tax from ten per cent. to twelve per cent. for all taxable services;

(3) sub-clause (C) seeks to insert new section 66A with a view to levy service tax on taxable services provided or to be provided from outside India and received in India;

(4) sub-clause (D) seeks to substitute section 67 so as to provide for determination of value of taxable services;

(5) sub-clause (E) seeks to amend section 73 so as to provide for conclusion of adjudication proceedings;

(6) sub-clause (F) seeks to insert new sections 73A, 73B, 73C and 73D in order to provide for voluntary deposit of any excess amount collected as representing service tax with interest thereon and in case of failure, the procedure for recovery thereof;

(7) sub-clause (G) seeks to substitute a new section for section 76 to provide for penalty;

(8) sub-clause (I) seeks to insert section 87 so as to provide for modes of recovery of any amount due to the Central Government.

Miscellaneous

Clause 69 seeks to amend,-

(a) section 9 of the Indian Stamp Act, 1899 with a view to delegate the powers of composition or consolidation of stamp duties to the State Government even in respect of instruments referred to in the Union List of the Seventh Schedule to the Constitution;

(b) section 35 of the said Act with a view to specify for validation of all sorts of instruments on payment of due stamp duty alongwith penalty.

Clause 70 seeks to repeal the Promissory Notes (Stamp) Act, 1926, as the same has lost its utility.

Clause 71 seeks to amend the Central Sales Tax Act, 1956, with a view to include the liquefied petroleum gas for domestic use in the list of 'declared goods' so as to keep the tax rates on the same at reasonable level.

Clause 72 of the Bill seeks to amend the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957, to harmonise the same with the First Schedule to the Customs Tariff Act.

Clause 73 seeks to amend the Schedule to the Oil Industry (Development) Act, 1974, so as to increase the cess levied on crude oil.

Clause 74 seeks to amend the Schedule to the Additional Duties of Excise (Textiles and Textiles Articles) Act, 1978, to harmonise the same with the First Schedule to the Customs Tariff Act.

Clause 75 seeks to amend the Seventh Schedule to the Finance Act, 2001, to harmonise the same with the First Schedule to the Customs Tariff Act.

Clause 76 of the Bill seeks to amend Chapter VII of the Finance (No.2) Act, 2004 relating to Securities Transaction Tax.

Sub-clause (a) seeks to amend section 97 of the said Act relating to definitions in respect of Securities Transaction Tax.

Under the existing provisions contained in section 98 of the said Act, sale or purchase of units of an equity oriented fund is liable to securities transaction tax at the rates specified under that section. Clause (5) of section 97 of the aforesaid Act, *inter alia*, defines the equity-oriented fund to mean a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than fifty per cent. of the total proceeds of such fund.

It is proposed to amend the said clause so as to increase the investible funds from fifty per cent. to sixty-five per cent. of the total proceeds of such fund.

This amendment will take effect from 1st June, 2006.

Sub-clause (b) seeks to amend section 98 of the said Act relating to charge of securities transaction tax.

It is proposed to amend the table below the said section which specifies the rates at which the securities transaction tax shall be charged.

It is proposed to enhance the rates of securities transaction tax from 0.1 per cent. to 0.125 per cent. in respect of the taxable securities transactions of the equity shares or units of equity oriented fund of the nature referred to in column (2) of the said Table against serial numbers 1 and 2 thereof.

It is further proposed to enhance the rate of securities transaction tax from 0.02 per cent. to 0.025 per cent. in respect of the taxable securities transactions of the equity shares or units of equity oriented fund of the nature referred to in column (2) against serial number 3.

It is also proposed to enhance the rate of securities transaction tax from 0.0133 per cent. to 0.017 per cent. in respect of the taxable securities transactions of derivatives of the nature referred to in column (2) against serial number 4.

It is also proposed to enhance the rate of securities transaction tax from 0.02 per cent. to 0.25 per cent. in respect of the taxable securities transactions of the units of equity oriented fund of the nature referred to in column (2) against serial number 5.

This amendment will take effect from 1st June, 2006.