

## Highlights of Finance Act 2017

(As applicable to Financial Year 2017-18)

### Income tax rates for the financial year 2017-18 (Assessment year 2018-19)

**Individual resident aged below 60 years** (i.e. born on or after 1st April 1958)

Income Slabs		Tax Rates
i.	Where the taxable income does not exceed ₹ 2,50,000/-.	NIL
ii.	Where the taxable income exceeds ₹ 2,50,000/- but does not exceed ₹ 5,00,000/-.	5% of amount by which the taxable income exceeds ₹ 2,50,000/-. Tax Relief u/s 87A - In case of tax payers, having total income not increasing ₹ 3,50,000/-, income tax chargeable on the income or ₹ 2,500/-, whichever is less.
iii.	Where the taxable income exceeds ₹ 5,00,000/- but does not exceed ₹ 10,00,000/-.	₹ 12,500/- + 20% of the amount by which the taxable income exceeds ₹ 5,00,000/-.
iv.	Where the taxable income exceeds ₹ 10,00,000/-.	₹ 112,500/- + 30% of the amount by which the taxable income exceeds ₹ 10,00,000/-.

Surcharge: i.10% of the Income Tax, where taxable income is more than ₹ 50 lacs and upto ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 50 lacs by more than the amount of increase in taxable income. ii.15% of the Income Tax, where taxable income is more than ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 1 crore by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

**Senior Citizen (Individual resident who is of the age of 60 years or more but below the age of 80 years i.e. born on or after 1st April 1938 but before 1st April 1958)**

Income Slabs		Tax Rates
i.	Where the taxable income does not exceed ₹ 3,00,000/-	NIL
ii.	Where the taxable income exceeds ₹ 3,00,000/- but does not exceed ₹ 5,00,000/-	5% of the amount by which the taxable income exceeds ₹ 3,00,000/-. Tax Relief u/s 87A - In case of tax payers, having total income not increasing ₹ 3,50,000/-, income tax chargeable on the income or ₹ 2,500/-, whichever is less.
iii.	Where the taxable income exceeds ₹ 5,00,000/- but does not exceed ₹ 10,00,000/-	₹ 10,000/- + 20% of the amount by which the taxable income exceeds ₹ 5,00,000/-.

Income Slabs		Tax Rates
iv.	Where the taxable income exceeds ₹ 10,00,000/-	₹ 110,000/- + 30% of the amount by which the taxable income exceeds ₹ 10,00,000/-.

Surcharge: i.10% of the Income Tax, where taxable income is more than ₹ 50 lacs and upto ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 50 lacs by more than the amount of increase in taxable income. ii.15% of the Income Tax, where taxable income is more than ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 1 crore by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

**Super Senior Citizen (Individual resident who is of the age of 80 years or more i.e. born before 1st April 1938)**

Income Slabs		Tax Rates
i.	Where the taxable income does not exceed ₹ 5,00,000/-.	NIL
ii.	Where the taxable income exceeds ₹ 5,00,000/- but does not exceed ₹ 10,00,000/-	20% of the amount by which the taxable income exceeds ₹ 5,00,000/-.
iii.	Where the taxable income exceeds ₹ 10,00,000/-	₹ 100,000/- + 30% of the amount by which the taxable income exceeds ₹ 10,00,000/-.

Surcharge: i.10% of the Income Tax, where taxable income is more than ₹ 50 lacs and upto ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 50 lacs by more than the amount of increase in taxable income. ii.15% of the Income Tax, where taxable income is more than ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 1 crore by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

**Any NRI (Non Resident Individual) or HUF or AOP (Association of Persons) or BOI (Body of Individuals) or AJP (Artificial Judicial Person)**

Income Slabs		Tax Rates
i.	Where the taxable income does not exceed ₹ 2,50,000/-.	NIL
ii.	Where the taxable income exceeds ₹ 2,50,000/- but does not exceed ₹ 5,00,000/-.	5% of amount by which the taxable income exceeds ₹ 2,50,000/-.
iii.	Where the taxable income exceeds ₹ 5,00,000/- but does not exceed ₹ 10,00,000/-.	₹ 12,500/- + 20% of the amount by which the taxable income exceeds ₹ 5,00,000/-.

Income Slabs		Tax Rates
iv.	Where the taxable income exceeds ₹ 10,00,000/-.	₹ 112,500/- + 30% of the amount by which the taxable income exceeds ₹ 10,00,000/-.

Surcharge: i.10% of the Income Tax, where taxable income is more than ₹ 50 lacs and upto ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 50 lacs by more than the amount of increase in taxable income. ii.15% of the Income Tax, where taxable income is more than ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 1 crore by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

### Co-operative Society

Income Slabs		Tax Rates
i.	Where the taxable income does not exceed ₹ 10,000/-.	10% of the income.
ii.	Where the taxable income exceeds ₹ 10,000/- but does not exceed ₹ 20,000/-.	₹ 1,000/- + 20% of income in excess of ₹ 10,000/-.
iii.	Where the taxable income exceeds ₹ 20,000/-	₹ 3,000/- + 30% of the amount by which the taxable income exceeds ₹ 20,000/-.

Surcharge: 12% of the Income Tax, where taxable income is more than ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 1 crore by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

### Firm

Income Tax: 30% of taxable income.

Surcharge: 12% of the Income Tax, where taxable income is more than ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 1 crore by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

### Local Authority

Income Tax: 30% of taxable income.

Surcharge: 12% of the Income Tax, where taxable income is more than ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 1 crore by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

### Domestic Company - Turnover upto ₹ 50 crores

Income Tax: 25% of taxable income.

Surcharge: The amount of income tax as computed in accordance with above rates, and after being reduced by the amount of tax rebate shall be increased by a surcharge. i. At the rate of 7% of such income tax, provided that the taxable income exceeds ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 1 crore by more than the amount of increase in taxable income. ii. At the rate of 12% of such income tax, provided that the taxable income exceeds ₹ 10 crores. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 10 crores by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

### **Domestic Company - Turnover exceeding ₹ 50 crores**

Income Tax: 30% of taxable income.

Surcharge: The amount of income tax as computed in accordance with above rates, and after being reduced by the amount of tax rebate shall be increased by a surcharge. i. At the rate of 7% of such income tax, provided that the taxable income exceeds ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 1 crore by more than the amount of increase in taxable income. ii. At the rate of 12% of such income tax, provided that the taxable income exceeds ₹ 10 crores. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 10 crores by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

### **Company other than a Domestic Company**

Income Tax: @ 50% of on so much of the taxable income as consist of (a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or (b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976, and where such agreement has, in either case, been approved by the Central Government and @ 40% of the balance.

Surcharge: The amount of income tax as computed in accordance with above rates, and after being reduced by the amount of tax rebate shall be increased by a surcharge as under: i. At the rate of 2% of such income tax, provided that the taxable income exceeds ₹ 1 crore. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 1 crore by more than the amount of increase in taxable income. ii. At the rate of 5% of such income tax, provided that the taxable income exceeds ₹ 10 crores. However, the amount of Income Tax and Surcharge shall not increase the amount of income tax payable on a taxable income of ₹ 10 crore by more than the amount of increase in taxable income.

Education Cess: 3% of the total of Income Tax and Surcharge.

### **Other Sections**

- As per Section 2(42A) an immovable property being land or building or both if held for more than 24 months will be a long term capital asset.
- As per Section 10(23C) 12th proviso if any trust or institution or any university or other educational institution or any hospital or other medical institution makes voluntary contribution to a trust or fund registered U/S 12AA, with a specific direction that they shall

form part of corpus of the recipient trust or fund then such contribution shall not be treated as application of income.

- As per Section 10(38) if any equity share of a company, acquisition of which has been entered into on or after 1-10-2004 and such transaction was not subject to STT, then transaction of sale of such equity share will not be excluded from income as per Sec. 10(38).
- Corpus donation not an application of income U/S 11(1)(a)/(b).
- Modification of objects of trust or institution Section 12A(1)(ab):- if there is any modification of objects clause which do not conform to the conditions of registration U/S 12AA or 12A, then such trust will have to again make an application for 12AA registration within 30 days of modification.
- Trust registered U/S 12AA to furnish return U/S 139 [Sec. 12A(1)(ba):- The trust/institution to qualify for provisions U/S 11 & 12 need to file its return of income within time allowed.
- Section 23(5):- Any building held as stock in trade can remain vacant for one year just after the financial year in which completion certificate is obtained but after that year its annual value of such property or part of property (deemed to be let out) will have to be taken as rental income.
- Payment U/S 40A(2)(b) not SDT U/s 92BA:- Upto A.Y. 2016-17 payment to persons specified U/S 40A(2)(b) being relatives of individual or director of company, partner of firm or member of AOP or HUF or relative of director/partner/member of AOP or HUF etc., were covered U/S 92BA if SDT (specified domestic transaction) aggregates to more than ₹ 20 Crores then had to obtain audit report in 3CEB. Now w.r.e.f. A.Y. 2017-18 payment U/S 40A(2)(b) have been excluded from 92BA.
- As per Sec 40A(3)/(3A)/43(1)second proviso:- if any payment exceeding ₹ 10,000/- in a day is made otherwise than through an a/c payee cheque/ bank draft/ ECS for any expenditure or to creditor for such expenditure, then no deduction shall be made for such expenditure. For Purchase of asset or to any creditor for purchase of such asset any payment exceeding ₹ 10,000/- in a day otherwise than through an a/c payee cheque or a/c payee bank draft or ECS then such payment will not be considered for determining actual cost of asset as per Sec. 43(1) for the purpose of Sec. 28 to 41, therefore depreciation will not be allowed on such payment exceeding ₹ 10,000/-.
- Payment of interest on loan from cooperative bank (other than a primary agricultural credit society or a primary cooperative agricultural and rural development bank) covered U/s 43B. Earlier payment of interest to scheduled bank on loans and advances were only covered.
- Maintenance of books of accounts 1st and 2nd proviso to Sec. 44AA(2):- Individual and HUF carrying on business or profession (other than person carrying on legal, medical, architectural, engineering or accountancy or interior profession), if has income exceeding (or likely to exceed in case of new business or profession) ₹ 2.50 Lakh or sale/turnover/receipt exceeds (or likely to exceed in case of new business or profession) ₹ 25 Lakh in any one of the three years immediately preceding the previous year were required to maintain books which enable the assessing officer to compute income. For persons other than individual and HUF limits have been kept as earlier at ₹ 1.20 Lakh income and ₹ 10 Lakh sales/turnover/receipts. W.e.f. A.Y. 2017-18 any individual/HUF or partnership firm declares profit as per Sec. 44AD and in any subsequent year does not opt for Sec. 44AD then for subsequent 5 years during which he/they can't opt for 44AD hence if their income exceeds ₹ 2.50 Lakh they will be required to keep and maintain books of account.

- Section 44AB amended, now Assessee's opting for presumptive taxation are required to deduct TDS and collect TCS. Upto A.Y. 2016-17 only those individual and HUF who were liable to get their books of accounts audited U/s 44AB(a)/(b) during the preceding previous year were required to deduct TDS and were required to collect TCS in/from the just following previous year.
- A.Y. 2017-18 limits for tax audit have been increased to ₹ 2 crore in case of individual, HUF and firms i.e. if that person opts for presumptive taxation u/s 44AD then he is not required to tax audit U/s 44AB(a), otherwise any person having turnover exceeding ₹ 1 Crore is required to get his books of accounts audited u/s 44AB(a).
- Sec. 44AD of the act says that minimum 8% income will be declared if gross receipt or turnover of eligible business does not exceed ₹ 2 Crore. W.r.e.f. A. Y. 2017-18 it has also been provided that if turnover or receipt which is received during the previous year or before the due date U/s 139(1) by an a/c payee cheque or draft or ECS through a bank a/c in respect of that previous year, then on such receipt 6% or more income will be declared.
- Base year for capital gain shifted from 1981 (1-4-1981) to 2001 (1-4-2001):- for the purpose of Section 55(1)(b)(2) and 55(2)(b)(i).
- Section 56(2)(vii) for individual & HUF & (viii) for firm and private companies omitted. New section 56(2)(x) states that if any person (individual, HUF, company, firm, trust) receives any sum of money, without consideration the aggregate value of which exceeds ₹ 50,000/- the whole of aggregate value of such sum will be income. If any immovable property is received without consideration stamp duty value of which exceeds ₹ 50,000/- whole of the stamp duty value of such property will be income, if received for a consideration which is less than stamp duty value of such property by an amount exceeding ₹ 50,000/- the stamp duty value of such property as exceeds such consideration shall be income. If date of agreement and date of transfer is different and any amount is received through a/c payee cheque/account payee draft/ ECS through a bank account on or before the date of agreement then stamp duty value on the date of agreement will be taken. If any property other than immovable property is received by any person without consideration then aggregate fair market value of such property if it exceeds ₹ 50,000/-, and received for a consideration which is less than aggregate FMV of the property by an amount exceeding 50,000/- then the aggregate FMV as exceeds such consideration will be treated as income. This clause is not applicable to any sum of money or property received from any relative, on the occasion of marriage of individual, under will or inheritance, in contemplation of death, received by any trust or institution referred to in U/S 10(23C)(iv)/(v)/(vi)/(vii), any distribution of capital asset on partition of HUF, etc., from an individual by a trust created or established solely for the benefit of relative of that individual. Here property means capital asset namely:- immovable property, shares and securities, jewellery, archaeological collections, drawings, paintings, sculptures, any work of art or bullion. Property word doesn't include car, mobile, furniture, rural agricultural land etc. which are not a capital asset or property.
- Disallowance U/S 40(a)(ia) also applicable to income from other sources, Section 58(1A):- Presently no disallowance can be made (trust, educational institution etc.) to any expenses incurred (without deduction of tax at source) out of income from other sources, now such disallowance is also applicable to income from other sources as applicable to profit & gains of business or profession.
- Set off of loss from house property Section 71(3A):- if there is any loss from house property it can be set off only upto ₹ 2 Lakh during the year from income under any other head and remaining loss can be carried forward for next 8 assessment years to be set off from income from house property.

- No donation exceeding ₹ 2,000/- will be allowable U/S 80G unless such sum is paid by any mode other than cash.
- Revised return can be filed within same assessment year:- Upto A.Y. 2016-17 any person can file return of income within time allowed U/S 139(1) of the act or if not filed within time allowed U/S 139(1) or within time allowed U/S 142(1) then return U/S 139(4) can be filed for any previous year at any time before expiry of one year from the end of assessment year or before completion of assessment whichever is earlier. w.e.f. A. Y. 2017-18 (as amended by finance act 2016) if a person has not furnished return U/S 139(1) then return U/S 139(4) can be filed by at any time before the end of relevant assessment year or before completion of assessment, whichever is earlier therefore returns of A.Y. 2016-17 can be filed U/S 139(4) upto 31-3-2018 and return for A.Y. 2017-18 can be filed upto 31-3-2018 only and returns for A.Y. 2018-19 can be filed U/S 139(4) upto 31-3-2019 only. For and upto assessment year 2016-17 any return filed U/S 139(1) or in pursuance of notice U/S 142(1) can be revised at any time before expiry of one year from the end of relevant assessment year or before completion of assessment, whichever is earlier. Any return filed U/s 139(1) or U/S 139(4) for assessment year 2017-18 can be revised at any time before expiry of one year from the end of relevant assessment year or before completion of assessment whichever is earlier. So any return filed for A.Y. 2017-18 U/S 139(1) or 139(4) can be revised upto 31-3-2019. From A.Y. 2018-19 any return filed U/S 139(1) or 139(4) can be revised before the end of relevant assessment year or before completion of assessment whichever is earlier. So return filed for A.Y. 2018-19 on 25-7-2018 or 25-9-2018 or on 25-11-2018 can be revised upto 31-3-2019 only.
- Every person to quote Aadhaar number (Section 139AA):- if any person applies new PAN or furnishes return of income on or after 1st July, 2017, then he will be required to quote aadhaar number. If a person has PAN allotted on the 1-7-2017 then he will intimate aadhaar number in such form and manner prescribed. If aadhaar number not quoted as required by ruels then PAN allotted will become invalid.
- U/S 234F From A. Y. 2018-19 onwards if any person is required to file a return of income U/S 139(1) fails to do so within the time prescribed then he will be liable to late fee U/S 234F, ₹ 5,000/- up to 31st December of the assessment year and ₹ 10,000/- thereafter and if the total income does not exceed ₹ 5 Lakh then late fee will not exceed ₹ 1,000/- such late fee and interest will be paid along with tax U/s 140A. If there is any shortfall then amount shall first be adjusted towards late fee then interest and then towards tax due. Return U/S 143(1)(a) shall be processed for 234F also.
- Return of income to be processed U/S 143(1)(a):- upto assessment year 2016-17 as per section 143(1D) processing or return is not compulsory if notice U/S 143(2) is issued. For any return furnished for A.Y. 2017-18 onwards even if notice U/S 143(2) is issued processing of return cannot be withheld, so if there is any refund it will be granted,
- Time limit for assessment reduced (Sec. 153):- Assessment U/S 143 or 144 for A. Y. 2018-19 can be completed upto 30-09-2020 [ within 18 months (earlier 21 months)] from the end of assessment year in which income was first assessable). Presently If notice U/S 148 is issued then assessment U/S 147 has to be completed within 9 months from the end of the financial year in which the notice U/s 148 was served. Now if any notice U/S 148 is served on or after 1-4-2019 then such assessment U/S 147 shall be completed within 12 months from the end of the financial year in which the notice was served.
- TDS on rent U/S 194IB:- if an individual and HUF who is not liable to TDS U/s 194-I pays any rent to a resident exceeding ₹ 50,000/- per month will have to deduct TDS @ 5% on aggregate rent paid during a year from the last installment of the year.

- TDS U/S 194IC:- notwithstanding anything contained in Section 194IA any person responsible for paying any sum to an individual or HUF for agreement referred to in Sec. 45(5A), by way of consideration not being in kind, shall deduct an amount equal to 10% of TDS on any sum paid in cash or by cheque or draft or any other mode, whichever is earlier.
- No TDS U/S 194LA on compensation under RFCTLARR, 2013:- Since land acquisition under RFCTLARR is exempt under section 96 of that act therefore any compensation under that will also not be liable to TDS.
- NO TCS U/S 206C(1D):- w.e.f. 1-4-2017 there will be no TCS U/s 206C(1D) even if single cash sale exceeds ₹ 2 Lakh because penalty under section 271DA enacted for violation of 269ST. there was no due date specified to deposit TCS collected U/S 206C(1D) under rule 37CA and still no due date of depositing TCS U/S 206C(1F) notified under 37CA.
- Higher TCS if no PAN (U/S 206CC):- if any person paying any sum on which TCS is collectible under chapter XVII-BB then he will furnish his PAN to collector, otherwise PAN at twice the applicable rate will be collected or at the 5% whichever is higher. Small (buyers) of scrap will face difficulty who purchases scrap from firms/companies/individual & HUF liable to audit U/s 44AB(a)/(b). Small buyers who are even not liable to file income tax returns will have to obtain PAN to purchase scrap from sellers who are liable to collect TCS.
- No person shall receive an amount of 2 Lakh rupees or more (Section 269ST):-
  - (a) in aggregate from a person in a day; or
  - (b) in respect of a single transaction; or
  - (c) in respect of transactions relating to one event or occasion from a person,

otherwise than by an account payee cheque or an account payee bank draft or use of ECS through a bank account: Provided that the provisions of this section shall not apply to any receipt by Government, any banking company, post office savings bank or cooperative bank, transactions of nature referred to in Section 269SS, such other receipts as may be notified. Proviso to Section 269SS says that provisions of section 269SS shall not apply to any loan or deposit taken or accepted from a banking company, post office savings bank or cooperative bank, or to any loan or deposit taken or accepted by a banking company, post office savings bank or cooperative bank. Loan or deposit as per Section 269SS means loan or deposit of money. 269T says that no branch of a banking company or cooperative bank and no other company or cooperative society and no firm or other person shall repay any loan or deposit made with it otherwise than by an account payee cheque or account payee bank draft or ECS through bank account if amount of loan or deposit is 20,000/- or more. Provided that where the repayment is by a branch of a banking company or cooperative bank, such repayment may also be made by crediting Amount.

- If any addition is made by the Assessing Officer U/S 68 to 69D and imposed tax U/S 115BBE then no penalty will be imposed U/S 270A penalty will be imposed u/s 271AAC, and if the assessee himself declares income and pay the tax U/S 115BBE then no penalty U/S 270A or 271AAC.

## **Changes in Indirect taxes before Rollout of GST**

### **CUSTOMS DUTY**

**Reduction in Customs Duty:** For incentivizing domestic value addition and promotion of “Make In India”, FM has made reduction in Custom duty on following inputs and raw materials to reduce costs:

- Liquified Natural Gas from BCD@ 5% to 2.5% now



- Machinery required for generation of renewable energy from 10% to 5%
- Parts for use in production of LED lights, lamps etc., limited to 5% from current level of 10%
- Nil Duty on Solar tempered glass for use in manufacture of solar cells/panels/modules from 5% as applicable presently, CVD reduced to 6% from current level of 12.5%.

**Exemption from Customs Duty, Levy of BCD, CVD, SAD:** To promote cashless transactions and boost domestic manufacturing of devices used thereof, government has exempted such devices and parts, components from duty levy of BCD, CVD and SAD. These devices include:

- Miniaturized POS card reader for m-POS (mobile phones and tablet computer not included)
- Micro ATM as per standards version 1.5.1
- Finger Print Reader / Scanner, and
- Iris Scanner
- Parts and Components for manufacture of above.

## **EXCISE DUTY**

**Increase in Excise Duty:** To keep a check on Public Health, government has increased the excise duty levy on Cigar, Cigarettes and other tobacco substitutes. This levy has been increased from ₹ 3,755 per thousand to ₹ 4,006 per thousand. For Paper Rolled Biris this levy has been increased to ₹ 78 per thousand from ₹ 21 per thousand presently.

## **SERVICE TAX**

- Clause (f) of Negative List (Section 66 D) has been omitted, which provides as under: “services by way of carrying out any process amounting to manufacture or production of goods excluding alcoholic liquor for human consumption”
- The definition of ‘process amounting to manufacture’ [Section 65B (40)] has been omitted from the Finance Act, 1994 and same is being incorporated in the Notification No. 25/2012-ST dated 20.06.2012, i.e., general exemption.
- The exemption from service tax under notification No. 14/2012-ST would be not available to a taxable service involving import of technology on which Research and Development Cess is not payable. Full service tax along with cesses (Swachh Bharat Cess and KrishiKalyanCess) would be applicable to such taxable service.
- Service tax exemption to taxable services provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds by way of life insurance to members of the Army, Navy and Air Force under the Group Insurance Schemes of the Central Government, is being made effective from 10th day of September, 2004, the date from when the services of life insurance became taxable.
- Benefit of the exemption notification No. 41/2016-ST dated 22.09.2016 is being extended with effect from 1.6.2007, the date when the services of renting of immovable property became taxable, notification No. 41/2016-ST dated 22.09.2016, ‘exempts one time upfront amount (called as premium, salami, cost, price, development charges or by any other name) payable for grant of long-term lease of industrial plots (30 years or more) by State Government industrial development corporations/ undertakings to industrial units was exempted.’
- Rule 2 A of Service Tax (Determination of Value) Rules, 2006 is being amended with effect from 01.07.2010 so as to make it clear that value of service portion in execution of works contract involving transfer of goods and land or undivided share of land, as the case may be, shall not include value of property in such land or undivided share of land.