

Finances of Government of India (Part 2 of 4)

ANNEXURE CHANGES IN INDIRECT TAXES

A - CUSTOMS

Note : *Basic Customs Duty means the customs duty levied under the Customs Act 1962. Ch.No. means Chapter Number of the Customs Tariff Schedule.*

Major Proposals about customs duties are the following :

I SPECIAL CUSTOMS DUTY ABOLISHED

- Special Customs Duty is being abolished with effect from 28th February, 1999.

II PEAK RATE OF CUSTOMS DUTY REDUCED

- Peak rate of customs duty has been reduced from 45% (Basic + Special) to 40% (Basic)

III CHANGES IN CUSTOMS DUTY RATE STRUCTURE :

- To generally reduce the existing 7 major *ad valorem* rates of basic customs duty to 5 rates, namely, 5%, 15%, 25%, 35% and 40%.

Existing Rate (<i>ad valorem</i>)	Proposed Rate (<i>ad valorem</i>)
5%	5%
10%	15%
20%	25%
25%	25%
30%	35%
35%	35%
40%	40%

- Present and proposed rates of basic customs duty on representative commodities are indicated below :

Ch. No.	Commodity	Present (Basic + Spl. Customs)	Proposed Basic
4	Skimmed milk powder	0%	0%
4	Dairy products other than Milk Powder	35%	35%
7	Pulses	0%	0%
7	Vegetables (fresh and dried)	15%	15%
9	Coffee and tea	15%	15%
9	Spices	35%	35%
10	Cereals	0%	0%
12	Oilseeds (other than for planting)	45%	40%
13	Vegetable saps and extracts (other than opium, liquorice, hops and pyrethrum)	15%	15%
13	Oleopine resin	15%	15%
15	Edible vegetable oils (not coconut)	15%	15%
15	Coconut oil	45%	40%
17	Refined sugar	20%	25%

18	Edible preparations for infants	15%	15%
18	Miscellaneous edible preparations (other than for infant use)	45%	40%
22	Beer, wine, vermouth	105%	100%
22	Whisky, rum, gin, vodka	245%	230%
24	Tobacco and manufactured tobacco substitutes	45%	40%
25	Non-metallic ores / minerals (Clay, limestone, etc.)	30%	25%
25	Dead Burnt Magnesite, Fused magnesia, etc.	45%	40%
26	Metallic ores	10%	5%
26	Copper concentrate	10%	5%
27	SKO (for PDS)	0%	0%
27	Naphtha	0%	5%
27	Kerosene consumed for manufacture of N-paraffin / LAB	0%	5%
27	Coking coal with ash content less than 12%	8%	5%
27	LNG	12%	5%
27	LPG	12%	10%
27	Coking coal with ash content above 12%	15%	15%
27	Coke	15%	15%
27	Non-coking coal	15%	15%
27	Crude petroleum	22%	20%
27	Motor Spirit	32%	30%
27	High Speed Diesel Oil	32%	30%
27	Aviation turbine fuel, Furnace Oil, Bitumen, wax, etc.	32%	30%
27	SKO for parallel marketing	32%	30%
27	Other petroleum products	32%	30%
28	Iodine	15%	15%
28	Inorganic chemicals (general rate)	35%	35%
28	Soda Ash	35%	35%
28	Caustic Soda	35%	35%
28	Titanium dioxide	45%	40%
29	Specified life-saving drugs and bulk drugs for their manufacture	0%	0%
29	Paraxylene	5%	5%
29	Building blocks/ Feed stocks (Ethylene, propylene, etc.)	15%	15%
29	DMT/PTA/MEG/ Caprolactum	30%	25%
29	Methanol/ Phenol	30%	25%
29	Organic chemicals (general rate)	35%	35%
29	Citric acid	45%	40%
31	NPK type fertiliser	0%	0%
31	Urea, DAP etc when used as manure or for manufacture of complex fertilisers	0%	5%
32	Dyes, paints, pigments, etc.	35%	35%
32	Titanium dioxide based pigments	45%	40%
33	Cosmetics and toilet preparations	45%	40%
34	Soaps, detergents	45%	40%
37	Photographic goods	30%	25%
38	Biopesticides	10%	5%
38	Linear alkyl benzene	25%	25%
38	Catalysts	30%	25%
38	Misc. chemical products	35%	35%
39	Bulk polymers LDPE / HDPE, PVC, PP, PS	35%	35%
39	Engineering plastics / Polymers	35%	35%
39	Articles of plastics	35%	35%
40	Natural rubber	25%	25%
40	Tyres (other than of aircraft)	45%	40%
40	Other rubber products	45%	40%

43	Raw furskins and tanned / dressed furskins (other than of certain specified lambs)	15%	15%
44	Wood in the rough or roughly squared, Fuel wood, wood charcoal	0%	5%
44	Fibreboard / particle board of wood or other ligneous material	45%	40%
47	Wood pulp	10%	5%
47	Waste paper (actual user import)	5%	5%
48	Glazed Newsprint	0%	5%
48	Standard newsprint/ lightweight coated paper upto 70 gm/sqm for printing of magazines	5%	5%
48	Coated and uncoated printing and writing paper, paper board	35%	35%
48	Articles of Paper / Paper Board (heading nos. 48.12 to 48.23, except 4823.20)	45%	40%
49	Printed books, periodicals, newspapers, journals, etc.	0%	0%
51	Raw wool (other than carpet grade)	20%	15%
51	Raw wool (carpet grade)	10%	5%
52	Specified variety of cotton yarn	30%	25%
52	Specified variety of Cotton fabrics	45%	40%
54	Specified filament yarns	35%	35%
55	Specified man made fibres	35%	35%
55	Fabrics of manmade fibres	40%	40%
56	Wadding, Felt, Non-wovens, etc.	40%	40%
59	Coated textile fabrics and Tyre cord fabrics	40%	40%
61	Readymade garments	45%	40%
64	Footwear	45%	40%
69	Refractory bricks, tiles, crucibles, etc.	30%	25%
69	Ceramic products	45%	40%
70	Glass and glassware	45%	40%
71	Gold	Rs.400 per 10 gm.	Rs.400 per 10 gm.
71	Silver	Rs.500 per kg	Rs.500 per kg
72	Steel melting scrap	10%	5%
72	Ferro-nickel (actual user import for manufacturing steel)	10%	5%
72	Rerollable scrap	25%	25%
72	Iron or non-alloy steel ingots, certain specified billets, blooms, slabs ; ferro alloys (other than Ferro-nickel)	25%	25%
72	HR Coils of Stainless Steel or specified non-alloy steel	30%	25%
72	CR Coils	35%	35%
72	Bars and rods, wires, angles, shapes and sections etc. of iron and steel	35%	35%
73	Articles of iron and steel	35%	35%
74	Unwrought copper / copper alloy	35%	35%
74	Copper waste and scrap	35%	35%
74	Wrought copper and articles of copper	40%	35%
75	Nickel and articles thereof	15%	15%
76	Aluminium waste and scrap	15%	15%
76	Unwrought Aluminium	25%	25%
76	Articles of Aluminium	25%	25%
78	Lead and articles thereof	35%	35%
79	Zinc & articles thereof	35%	35%
80	Tin and articles thereof	25%	25%
81	All other base metals and articles (other than unwrought magnesium)	35%	35%
81	Unwrought Magnesium	32%	25%
83	Misc. articles of base metals	45%	40%

84	Engines and parts of aeroplanes, gliders, etc.	3%	3%
84	Specified textile machinery and parts	15%	15%
84	Ball or roller bearings of 60mm bore or less; parts	15% + Rs.150/kg	15% + Rs.150/kg
84	Ball or roller bearings of more than 60mm bore; parts	15% + Rs.80/kg	15% + Rs.80/kg
84	Computers & floppy diskettes	22%	20%
84	General machinery and parts	25%	25%
84	IC engines and parts	35%	35%
84	Typewriters and other office machines	45%	40%
84	Consumer durables, Air conditioning appliances	45%	40%
85	Data display tubes, colour	5%	5%
85	Parts of resistors/ semi conductors	15%	10%
85	Specified inputs for optical fibres and cables	15%	15%
85	Parts of telecom equipment, pagers and cellulars.	25%	20%
85	DC micro motors	25%	25%
85	FRP Rods	25%	25%
85	Glass bulbs/ shells / parts for CPT	25%	25%
85	Glass parts for CPT (excluding neck or reneck tubes)	30%	25%
85	Optical fibres	30%	25%
85	Parts of capacitors	35%	15%
85	CD mechanism	35%	25%
85	Colour picture tubes	35%	35%
85	Electro-mechanical domestic appliances	45%	40%
85	Batteries	45%	40%
85	Lamps, wires & cables	45%	40%
86	Railway locomotives	45%	40%
87	Motor vehicles and parts	45%	40%
88	Satellites and payloads	0%	0%
88	Aeroplanes, gliders and helicopters	3%	3%
89	Vessels and other floating structures for breaking up	10%	5%
90	Specified medical equipment and parts/ spares thereof	15%	15%
90	Other medical equipment	25%	25%
90	Instruments and parts (general rate)	25%	25%
90	Photographic and cinematographic cameras, projectors	45%	40%
90	Image projectors, Specified photographic equipments and photocopiers	45%	40%
91	Clocks, watches, etc.	45%	40%
92	Musical instruments	35%	35%
93	Arms and ammunitions	45%	40%
94	Furniture, bedding, etc.	45%	40%
95	Toys, games and sports requisites	30%	25%
96	Misc. manufactured goods	45%	40%
98	Captive power generation projects	22%	25%
98	Specified goods imported as baggage on transfer of residence	30%	25%
98	Postal imports	45%	40%
98	Baggage imports, other than transfer of residence - upto Rs.12000	0%	0%
98	Baggage imports, other than transfer of residence - above Rs.12000	50%	55%
98	Transfer of residence baggage	30%	25%

IV IMPOSITION OF SURCHARGE ON IMPORTS

- A surcharge at the rate of 10% of basic duty has been imposed across the board. However, following are the exceptions :

- Gold and Silver
- Crude petroleum and petroleum products
- All 40% rated commodities
- Certain GATT bound items

- The surcharge would come into force with effect from 28th February 1999.
- The surcharge would apply upto 31st March, 2000.

V CONTINUATION OF SPECIAL ADDITIONAL DUTY OF CUSTOMS

- The Special Additional Duty will continue @ 4%.

VI ADDITIONAL DUTY OF CUSTOMS ON HIGH SPEED DIESEL OIL

- An additional customs duty of Re 1 per litre imposed on High Speed Diesel Oil.
- This will come into force from 28th February, 1999.

VII WITHDRAWAL OF EXEMPTION

- A basic duty of 5% has been imposed on a number of commodities by withdrawing exemption or imposing a tariff.
- Items on which basic customs duty is being imposed at 5% for the first time have been exempted from Special Additional Duty of Customs.

VIII DEEPER CONCESSIONS TO IT SECTOR

- The basic customs duty on a number of items used in the IT sector has been reduced/ rationalised as follows :
 - Telecom transmission apparatus, telephonic or telegraphic switching apparatus, reduced from 30% to 25%.
 - All storage devices, rationalised at 5%. motherboards), rationalised at 5%.
 - All IC's and micro-assemblies and microprocessors for computers (other than motherboards), rationalised at 5%.
 - Parts of computers (other than PPCB's), reduced from 10% to 5%.
 - CD-ROMs, reduced from 10% to 5%.
 - Specified prepared media, reduced from 40% to 25%.
 - Diodes, transistors, other semi-conductor devices and specified electronic components, reduced from 20% to 15%.
 - Specified raw material and inputs for electronic industry, reduced from 10% to 5%.
 - Additional inputs for semiconductor devices, ceramics dielectric (multilayer) capacitors, tantalum capacitors and other specified electronic components included for the concessional basic customs duty of 5%.
 - Specified (75 no.) machinery for semi-conductor manufacture exempted from basic customs duty.

IX IMPOSITION OF ADDITIONAL DUTY OF CUSTOMS (CVD)

- Additional duty of Customs (CVD) has been imposed in a number of cases where it is exempted at present, including on specified items imported for the project imports. The rate structure for project imports will be as follows.

	PRESENT RATE		PROPOSED RATE	
	Basic + Special	CVD	Basic	CVD
▪ Fertiliser Projects	0%	0%	5%	10%
▪ Power generation projects	22%	0%	5%	16%
▪ Power transmission projects (65 KV and above)	22%	10%	25%	16%
▪ Coal mining projects	22%	0%	5%	16%
▪ Specified equipment required for telecom projects	22%	0%	5%	16%
▪ Iron and steel products, machinery and equipment for renovation or modernisation of a power generation plant (excl. captive power plant)	25%	0%	5%	16%
▪ Specified equipment for setting up of new refineries	0%	10%	5%	10%
▪ General Industrial projects	22%	13%	25%	16%

X POWER OF THE GOVERNMENT TO GRANT AD-HOC EXEMPTION

- The power of the Government to grant ad-hoc exemption from customs duty by issue of special orders restricted to :
 - Goods of strategic nature
 - Goods of secret nature
 - Goods for charitable purposes

XI EXEMPTION TO ONGC / OIL

- Specified capital goods / consumables imported by ONGC / OIL for petroleum operation has been exempted at par with imports under NELP lease agreement.

XII STEEL IMPORTED BY CAPITAL GOODS MANUFACTURER

- Basic customs duty on steel imported by manufacturer of certain types of capital goods reduced to 25%.

XIII ADVANCE RULING AUTHORITY

- Legal provisions made in the Finance Bill, 1999 for setting up of Advance Ruling Authority to pronounce ruling regarding classification and valuation in advance for the benefit of joint ventures with NRI's.

XIV FEES FOR FILING REVISION APPLICATION

- Fees for filing revision application raised from Rs.200 to Rs.1000 in those cases where the amount involved is more than Rs.1 lakh.

B - UNION EXCISE DUTIES

Note: *Ch.No.means Chapter Number of the Central Excise Tariff Schedule.*

Major proposals about Central Excise duties are the following:

I. CHANGES IN AD VALOREM DUTY RATE STRUCTURE :

- To reduce the existing 11 ad valorem rates of excise duty to three ad valorem rates, namely, 8%, 16% and 24%.

Existing Rate <i>(ad valorem)</i>	Proposed Rate <i>(ad valorem)</i>
5%	8%
8%	8%
10%	8%
12%	8%
13%	16%
15%	16%
18%	16%
25%	24%
30%	24%
32%	24%
40%	24%

- Special excise duty has been imposed on the following items by amending section 3 of the Central Excise Act, 1994.

	Proposed Basic excise duty <i>(ad valorem)</i>	Proposed Special excise duty
▪ Cosmetics and toilet preparations	24%	6%
▪ Polyester filament yarn	24%	6%
▪ Tyres & tubes for cars and buses, etc	24%	6%
▪ Air-conditioners and parts, etc.	24%	6%
▪ Multi-utility vehicles (For 7-12 persons)	24%	6%
▪ Motor Spirit	24%	8%
▪ Soft drinks (Aerated waters) and concentrates	24%	16%
▪ Motor cars	24%	16%
▪ Pan Masala	24%	16%
▪ Chewing tobacco and other tobacco products	24%	16%

- Excise duty on cold chain equipment and parts reduced to 8%. This will come into force from 1st April, 1999.
- Present and proposed rates of excise duty on representative commodities are indicated below :

Ch. Commodities	Present	Proposed Rate
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No.		Basic	Spl Ex.	
4	Condensed milk	13%	16%	
11	Malt	13%	16%	
13	Gum, resins, vegetable saps, & extracts	8%	8%	
15	Glycerol, waxes, linolein, soap stock	18%	16%	
16	Preparation of meat, fish etc. (branded)	8%	8%	
17	Sugar confectionery, sugar syrup	8%	8%	
17	Chewing gum	18%	16%	
18	Cocoa and cocoa preparations; Chocolates	18%	16%	
19	Biscuits made with power	8%	8%	
19	Cakes and pastry	8%	8%	
19	Pasta Products, Cornflakes, etc.	13%	16%	
19	Malt based food products	18%	16%	
20	Preparation of vegetables fruits & nuts (Jams, Jellies, Juices, etc.)	8%	8%	
21	Soups, Sauces, instant food mixes, etc.	8%	8%	
21	Roasted Chicory	8%	8%	
21	Ice cream	13%	16%	
21	Sharbat, Thandai, Miscellaneous edible preparations	18%	16%	
21	Supari	15%	16%	
21	Instant coffee	18%	16%	
21	Yeasts, Baking Powder	13%	16%	
21	Soft drink concentrate (For aerated waters)	40%	24%	16%
21	Pan Masala	40%	24%	16%
22	Fruit Pulp & Fruit based drinks	8%	8%	
22	Mineral water	18%	16%	
22	Denatured alcohol and vinegar	18%	16%	
22	Aerated soft drinks	40%	24%	16%
24	Chewing tobacco & Misc. tobacco products	40%	24%	16%
25	White Cement	25%	24%	
26	Ores, slag and ash	8%	8%	
27	Kerosene	10%	8%	
27	Furnace Oil - (Non Feed Stock use in fertilisers)	5%	8%	
27	LPG	10%	8%	
27	Naphtha - Non Fertiliser use	15%	16%	
27	Aviation Turbine Fuel	15%	16%	
27	High Speed Diesel Oil.	15%	16%	
27	Light diesel oil	15%	16%	
27	Furnace Oil - Non-Fertiliser use	15%	16%	
27	LSHS - Non-Fertiliser use	15%	16%	
27	Bitumen, Wax, etc.	15%	16%	
27	Benzol, Toluole, Xylole, Naphthalene, etc.	18%	16%	
27	Motor Spirit	32%	24%	8%
28	Medicinal Grade Oxygen	8%	8%	
28	Potassium Iodate	8%	8%	
28	Copper Sulphate	8%	8%	

28 Medicinal grade hydrogen peroxide	8%	8%	
28 Anesthetics	8%	8%	
28 Silicon in all forms	8%	8%	
28 Acids	18%	16%	
28 Caustic soda	18%	16%	
28 Soda Ash	18%	16%	
28 Inorganic chemicals	18%	16%	
29 Organic Chemicals	18%	16%	
30 Ayurvedic medicines (P & P)	8%	8%	
30 Generic Allopathic medicines	8%	8%	
30 Allopathic medicines (P & P) and other pharmaceutical goods	15%	16%	
32 Tanning extracts	8%	8%	
32 Synthetic Organic Dyes	18%	16%	
32 Paints and varnishes	18%	16%	
32 Printing ink, students colour, etc.	18%	16%	
33 Tooth powder, tooth paste	8%	8%	
33 Perfumed Hair-oil	18%	16%	
33 Sterile contact lens solution	25%	24%	
33 Cosmetics	30%	24%	6%
34 Laundry soap	8%	8%	
34 Toilet soap	18%	16%	
34 Detergent powder and cakes	18%	16%	
34 Lubricating preparations	15%	16%	
34 Waxes, polishes etc.	18%	16%	
35 Modified starches etc.	18%	16%	
36 Fire works	13%	16%	
36 Explosives	18%	16%	
37 Cinematographic films	18%	16%	
37 X-Ray Films	13%	16%	
37 Photographic plates, films, paper and chemicals	18%	16%	
38 Insecticides, pesticides, etc. (Formulations)	8%	8%	
38 Industrial fatty acids, fatty alcohols	8%	8%	
38 Misc chemical products	18%	16%	
38 Phosphogypsum	13%	16%	
39 Articles of Plastics (without modvat)	5%	8%	
39 Cassette shell for audio cassettes	8%	8%	
39 PVC compound	18%	16%	
39 PVC corrugated roofing sheets	18%	16%	
39 Strips of plastics intended for manufacture of fabrics or for manufacture of sacks / bags, without modvat	13%	16%	
39 Polyethylene coated paper or paperboard, other than certain types	18%	16%	
39 Cellophane	18%	16%	
39 Engineering plastics (ABS, etc.)	18%	16%	
39 Insulated ware (Casseroles, etc.)	15%	16%	

39 Bulk polymers (PVC, LDPE, HDPE, PS, PP, etc.)	25%	24%	
40 Surgical gloves and medical examination gloves of rubber	8%	8%	
40 Tyres and tubes - for two wheelers and tractor rear tyres and their tubes	13%	16%	
40 Synthetic rubber	18%	16%	
40 Tread rubber (for small units, upto clearances of Rs 150 lakhs)	15%	16%	
40 Tread rubber, certain cellular rubber, conveyor or transmission belts or beltings	25%	24%	
40 Tyres - for buses, cars, etc.	30%	24%	6%
42 Articles of leather, travel goods	18%	16%	
44 Particle board / fibre board	8%	8%	
44 Plywood	18%	16%	
45 Cork and articles of cork	18%	16%	
47 Waste and scrap of paper /paper board	18%	16%	
48 Paper & paperboard (manufactured from pulp containing not less than 75% by weight of pulp made from materials other than bamboo, hard woods, soft woods, reeds or rags, upto 15000 M.T. clearances)	5%	8%	
48 Paper & paper board (manufactured from pulp containing not less than 75% by weight of pulp made from materials other than bamboo, hard woods, soft woods, reeds or rags, above 15000 M.T. clearances)	8%	8%	
48 Sanitary towels	8%	8%	
48 Paper cartons (other than of corrugated paper/ paper board)	13%	16%	
48 Paper/board made of wood pulp	18%	16%	
49 Transfers	18%	16%	
51 Carded or combed wool	8%	8%	
51 Yarn of wool	8%	8%	
51 Shoddy yarn	8%	8%	
51 Woollen Fabrics	15%	16%	
52 Cotton Yarn not containing synthetic fibre	5%	8%	
52 Cotton Fabrics value not exceeding Rs 30 per sqm (for those not covered under the capacity based compounded levy scheme)	5%	8%	
52 Cotton Fabrics value exceeding Rs 30 per sqm (for those not covered under the capacity based compounded levy scheme)	12%	8%	
52 Cotton Yarn - blended with synthetic fibres	18%	16%	
53 Flax and ramie yarn	5%	8%	
53 Ramie fabrics	8%	8%	
54 Nylon filament yarn	25%	24%	
54 Polyester filament yarn	30%	24%	6%
54 Viscose filament yarn, Polypropylene filament yarn, etc.	18%	16%	
55 Fabrics of man made fibres (for those not covered under the capacity based compounded levy scheme)	12%	8%	
55 Man-made staple fibre including tow (PSF, VSF, ASF, etc.)	18%	16%	

55 Man-made spun yarn (Polyester/ Viscose/ Acrylic spun yarn)	18%	16%
55 Synthetic sewing thread	15%	16%
57 Carpets and textiles floor coverings	25%	24%
58 Laces	8%	8%
59 Tyre cord, laminated fabrics	18%	16%
63 Other made up textile articles (Blankets, Bed linen, Bags & Sacks, etc.)	8%	8%
64 Footwear and parts	15%	16%
65 Headgear (Helmets)	13%	16%
68 Articles of asbestos- cement	18%	16%
68 Articles of stone, cement, plaster, etc.	18%	16%
69 Ceramic products, other than glazed tiles	15%	16%
69 Glazed tiles	25%	24%
70 Household glassware	8%	8%
70 Glassware, other than household glassware, produced by mouth blown process	8%	8%
70 Glassware, other than household glassware, produced by semi-automatic process	13%	16%
70 Glass and Glassware other than household glassware, produced by automatic process	18%	16%
70 Glass Containers	18%	16%
72 Iron & Steel - Primary products	15%	16%
73 Pressure Cookers (of Iron & Steel)	8%	8%
73 Articles of Iron & Steel	15%	16%
74 Copper & articles thereof	15%	16%
75 Nickel & articles thereof	15%	16%
76 Pressure Cookers of Aluminium	8%	8%
76 Aluminium & articles thereof	15%	16%
78 Lead & articles thereof	15%	16%
79 Zinc & articles thereof	15%	16%
80 Tin & articles thereof	15%	16%
81 Other base metals, cermets and articles thereof	15%	16%
82 Tools, implements, razors and razor blade	15%	16%
83 Electrical stampings & laminations	18%	16%
83 Misc. base metal articles	15%	16%
83 Safes and strong boxes	18%	16%
84 Dairy & Milking machinery	8%	8%
84 I.C. engines	13%	16%
84 Parts of I.C. engines	13%	16%
84 Refrigerators	18%	16%
84 Machine tools	13%	16%
84 Ball or roller bearings	13%	16%
84 Non-electrical machinery	13%	16%
84 Fork Lift trucks	15%	16%
84 Parts of machinery	13%	16%

84 Air conditioners and parts	30%	24%	6%
85 Motors and generators	13%	16%	
85 Parts of motors and generators	13%	16%	
85 Electrical transformers, static convertors	13%	16%	
85 Electric batteries and dry cells	18%	16%	
85 Colour TV Sets	18%	16%	
85 Electronic Components (capacitors, resistors , etc.)	18%	16%	
85 Insulated wires and cables	18%	16%	
85 Electrical Machinery	13%	16%	
85 Domestic / electrical appliances	18%	16%	
86 Railway wagons	15%	16%	
86 Railway locomotives	15%	16%	
86 Railway coaches / vans	15%	16%	
87 Tractors (upto 1800 cc)	8%	8%	
87 Tractors (above 1800 cc)	13%	16%	
87 Ambulances	15%	16%	
87 Commercial vehicles (Buses, trucks, etc.)	15%	16%	
87 Mopeds	15%	16%	
87 Motor Vehicle Parts	15%	16%	
87 Taxis	25%	24%	
87 Cars for physically handicapped persons	25%	24%	
87 Scooters & Motor Cycles	25%	24%	
87 Motor cars & other motor vehicles	40%	24%	16%
87 Vehicles for 7-12 persons	30%	24%	6%
89 Floating structures (Boats, etc.)	15%	16%	
90 Medical equipment	8%	8%	
90 Meters, measuring & checking instruments	13%	16%	
90 Photographic cameras, etc.	18%	16%	
91 Clocks	8%	8%	
91 Watches (Assessable value upto Rs.600; now MRP upto Rs.850)	8%	8%	
91 Watches (Assessable value above Rs.600; now MRP above Rs.850)	13%	16%	
93 Arms and ammunitions	25%	24%	
94 Medical furniture	8%	8%	
94 Fittings for lamps and tubes	18%	16%	
94 Mattresses, articles of beddings	25%	24%	
95 Toys and games	13%	16%	
96 Zip Fastners	8%	8%	
96 Vacuum Flask	15%	16%	
96 Others (like type writer ribbons, etc.)	18%	16%	

II EXCISE DUTY RATES IN TEA

- Duty on packaged tea abolished. However, excise duty at Rs 2 per kilogram imposed on bulk tea.

III EXCISE DUTY RATES ON CIGARETTES

- Duty on mini cigarettes (non-filter cigarette not exceeding 60 mm in length) raised from Rs 100 to Rs 110 per thousand cigarettes.

IV EXCISE DUTY ON DYEING OF YARN

- Exemption from excise duty on processes of dyeing, printing, bleaching or mercerising of spun yarn (other than 100% woollen and cotton yarn) available to independent processors abolished and now they will attract the normal duty applicable to these yarns. However, for independent processors who do not want to avail a modvat credit, a specific rate of duty of Rs 5 per kg has been prescribed.

V RESTORATION OF 100% MODVAT AVAILMENT

- General restriction by 5% on full availability of MODVAT abolished.
- Restriction on full availability of MODVAT on petroleum products also abolished.

VI CHANGES IN SSI EXEMPTION SCHEME

- Benefit of exemption in duty on goods bearing brand name of another person to be allowed but only when goods are made by SSI units located in rural areas. Details of scheme to be notified shortly.
- The general SSI exemption scheme extended to cotton yarn not containing synthetic staple fibre (Effective from 1st April, 1999).
- The scheme of duty exemption for SSI units manufacturing cosmetics, toilet preparations and air conditioning / refrigeration equipment and there parts, etc. is being modified as follows (Effective from 1st April, 1999):

Clearance value	Present rate	Proposed rate
▪ upto Rs.15 lakhs	Nil	Nil
▪ Rs.15 - 30 lakhs	50% of Normal duty	Nil
▪ Rs.30 - 50 lakhs	Normal duty	50% of normal duty
▪ Beyond Rs 50 lakhs	Normal duty	Normal duty

- The eligibility limit for availing the exemption is being enhanced from Rs 50 lakhs to Rs 100 lakhs.

VII ADDITIONAL DUTY OF EXCISE ON HIGH SPEED DIESEL OIL

- An additional excise duty of Re 1 per litre imposed on High Speed Diesel Oil.
- This will come into force from 28th February, 1999.

VIII EXPERT COMMITTEE

- An Expert Committee to be set up to examine and advise upon exemptions in excise.

IX POWER OF THE GOVERNMENT TO GRANT AD-HOC EXEMPTION

- The power of the Government to grant *ad-hoc* exemption from excise duty by issue of special orders restricted to :

d Goods of strategic nature

- d Goods of secret nature
- k Goods for charitable purposes

X PROCEDURAL CHANGES IN PAYMENT OF EXCISE DUTY BY SSI UNITS

- SSI units will be allowed the facility to pay excise duty on monthly basis. This will be effective from 1st June, 1999.

XI MAJOR PROCEDURAL CHANGES FOR FACTORIES PAYING DUTY OF MORE THAN Rs. 5 CRORE IN A YEAR

- To dispense with the separate excise records for factories paying duty of more than Rs. 5 crore in a year and accept their own records for excise purposes. This will be effective from 1st June, 1999.

XII ADVANCE RULING AUTHORITY

- Legal provisions made in the Finance Bill, 1999 for setting up of Advance Ruling Authority to pronounce ruling regarding classification and valuation in advance for the benefit of joint venture with NRI's.

XIII INTEREST ON PROVISIONAL ASSESSEMENTS

- Enabling legal provision made for charging or paying of interest on duty demand or refund on finalisation of provisional assessment under Central Excise.

XIV LAPSING OF MODVAT CREDIT

- Section 37 of Central Excise Act proposed to be amended to enable Government to order lapsing of modvat credit in specific situations.
- Also, retrospective effect proposed to be given to wherever modvat credit was allowed to lapse in the past.

XV CHANGES IN SECTION 4-A OF EXCISE ACT

- Penal provisions have been provided in case of manufacturers clearing any goods subject to MRP based valuation when he does not declare or tampers with / alters the declared retail prices.
- MRP based assessment extended to 27 more items.

XVI FEES FOR FILING REVISION APPLICATION

- Fees for filing revision application raised from Rs 200 to Rs 1000 in those cases where the amount involved is more than Rs 1 lakh.

XVII GOODS DEVELOPED AND PATENTED BY RESEARCH INSTITUTIONS

- Goods developed and patented by National Laboratories, public funded research institutions, colleges and universities and manufactured by Indian companies are being extended exemption from excise duty for a period of three years.

XVIII SERVICE TAX

- Some procedural changes introduced.

Estimated Revenue Effect

Proposals relating to changes in Customs duties are estimated to result in net gain of Rs.1,469 crore in a financial year. Proposals relating to changes in excise duties result in a net gain of Rs.4,765 crore in a financial year.

Memorandum showing the proposed revision of Postal Tariffs 1999 (Vide Clause No.136) of the Finance Bill, 1999

The maxima of the tariffs leviable for certain postal articles are prescribed by the First Schedule in the Indian Post Office Act, 1898. Within the maxima so prescribed in respect of such articles and in respect of other postal articles not included in the Schedule and other services, the Central Government have the power to fix the rates by notification in the Official Gazette by amending Indian Post Office Rules, 1933 (vide Section 7 of the Indian Post Office Act, 1898).

2. The proposals for revision of tariffs listed in the following table relating to postal articles at serial Nos. 1 to 5 require an amendment to the First Schedule of the Indian Post Office Act, 1898 and these have been included in the Finance Bill. These changes as also the revision of tariffs for other postal services would be made by amending Indian Post Office Rules, 1933.

Sl. No.	Postal Service	Item	Existing Tariff	Item	Proposed Tariff
1.	Printed Postcard	For a Printed Postcard	Rs.1.50	For a Printed Postcard	Rs.2/-
2.	Competition Post Card	For a Competition Post Card	Rs.3/-	For a Competition Post Card	Rs.4/-
3.	Letter Cards	For a Letter Card	Rs.1.50	For a Letter Card	Rs.2/-
4.	Book pattern and sample packet	For the first 50 grams or fraction thereof	Re.1/-	For the first 50 grams or fraction thereof	Rs.2/-
		For every additional 50 grams or fraction thereof in excess of 50 grams	Rs.2/-	For every additional 50 grams or fraction thereof in excess of 50 grams	Rs.3/-
5.	Parcels	For the first 500 grams or fraction thereof	Rs.10/-	For the first 500 grams or fraction thereof	Rs.12/-
		For every additional 500 grams or fraction thereof, in excess of 500 grams	Rs10/-	For every additional 500 grams or fraction thereof, in excess of 500 grams	Rs.15/-
6.	Registration	Fee for Registration	Rs.12/-	Fee for Registration	Rs.14/-
7.	Book packets containing periodicals	For the first 100 grams or fraction thereof	50p	For the first 100 grams or fraction thereof	Re.1/-
		For every additional 100	50p	For every additional 100	Rs.2/-

		grams or fraction thereof in excess of 100 grams		grams or fraction thereof in excess of 100 grams	
8.	Value Payable Post	For a value not exceeding Rs.10	Re.1/-	For a value not exceeding Rs.20	Rs.2/-
		For a value exceeding Rs.10 but not exceeding Rs. 20	Rs.2/-	For a value exceeding Rs.20 but not exceeding Rs.50	Rs.3/-
		For a value exceeding Rs.20	Rs.3/-	For a value exceeding Rs.50	Rs.5/-
9.	Indian Postal Order	For each IPO upto Rs.10	50p	For each IPO upto Rs.10	Re.1/-
		For each IPO upto Rs.20	Re.1/-	For each IPO upto Rs.20	Rs.2/-
		For each IPO upto Rs.30	Rs.1.50	For each IPO upto Rs.30	Rs. 3/-
		For each IPO upto Rs.40	Rs.2/-	For each IPO upto Rs.40	Rs.4/-
		For each IPO upto Rs.50	Rs. 2.50	For each IPO upto Rs.50	Rs. 5/-
		For each IPO upto Rs. 100	Rs. 5/-	For each IPO upto Rs. 100	Rs.10/-
