

FOURTH TIME UNLUCKY

(By S. Jaikumar & K.S.Yogalakshmee, Advocates, Swamy Associates)

"The three fiscal stimulus packages that the Government introduced in quick succession have helped the process of recovery significantly. The improvement in our economic performance encourages a course of fiscal correction even as the global situation warrants caution."

- ***Excerpts from the FM's Speech.***

The significant changes in respect of Central Excise duty are as under:

- The merit rate of Central Excise duty for non-petroleum products has been increased from 8% to 10%, vide Notification No.6/2010- C.Ex dated 27.02.2010. By this enhancement, the goods which are cleared w.e.f 27.02.2010, from the factory, would attract the enhanced rate of 10% ADV. **In other words, this enhanced rate would be applicable, not only to the goods manufactured from 27.02.2010, but the goods already manufactured and lying in stock in RG1 register and which are cleared from 27.02.2010.** To add further, the goods cleared today, i.e up to the midnight of the 26.02.2010, would attract only 8% adv.

Further, the goods which had been already cleared on payment of duty @ 8% adv and are lying in stock in various places of removal, such as, depots, premises of consignment agents etc., need not be paid with any differential duty, even though such goods would be cleared on or after 27.02.2010. To sum up, the enhanced rate of duty @ 10%, **would apply only to the goods cleared from the factory, on or after 27.02.2010**, irrespective of the date of manufacture.

- The specific rates of duty on cements have also been increased, whereby, packaged cement manufactured by units other than mini-cement plants, excise duty has been increased from 8% to 10% for cement of declared retail sale price exceeding Rs. 190 per 50 kg bag or Rs. 3800 per tonne. On packaged cement of declared retail sale price not exceeding Rs. 190 per 50 kg bag or Rs. 3800 per tonne manufactured by such units, the rate of duty has been increased from Rs.230 per metric tonne to Rs.290 per metric. The composite rate of duty applicable to bulk cement manufactured by such units has been enhanced from

„8% or Rs.230/- per metric tonne, whichever is higher□ to „10% or Rs.290/- per metric tonne, whichever is higher□. Corresponding changes have been made to increase the rates of duty applicable to cement manufactured by mini-cement plants too. Duty on Clinkers have been increased from Rs. 300 PMP to Rs.375 **(Ref No.10/2010 dated 27.02.2010)**.

- Large Cars, Multi Utility Vehicles (MUV), Sports Utility Vehicles (SUV), their Chassis to attract 2% more (from 20% to 22%).
- Rate of Excise Duty on Petrol and Diesel increased by Re.1 per Litre, which created a sustained uproar in the Lok Sabha during the FM’s speech!
- The rates of Basic Excise Duty on all Forms of Tobacco, except Biris, have been raised. The Basic Excise Duty on all Cigarettes, except those of length less than 60mm, has been increased. Chewing Tobacco has been brought under the Compounded Levy Scheme, under Section 3A of the Central Excise Act 1944, w.e.f 8th March 2010 **(Ref: 16 & 18/2010 dated 27.02.2010)**.
- A new Cess called “Clean Energy Cess (CEC)” has been proposed on Coal, Lignite and Peat produced in India which is to be levied and collected from Coal mines in India, from a date to be notified. This CEC would apply to imported Coal also.
- The following goods to cost more consequent to withdrawal of Exemptions/Concessions:

S.No.	Description of goods	From	To
1	Mosquito nets impregnated with insecticides	Nil	4%
2	Av gas	Nil	4%
3	Microprocessor for computers (other than motherboard), Floppy disk drive, Hard disk drive, flash drive, CD/DVD and Combo Drive meant for external use	Nil	4%
4	Baby & clinical diapers and	Nil	10%

	sanitary napkins		
5	Open top sanitary (OTS) cans	4%	10%
6	Goggles, other than those for correcting vision	4%	10%

- Excise duty on DTA clearances of plain gold and silver jewellery manufactured by a 100% EOU is being increased from:
 - (i) Rs.500 per 10 gram to Rs.750 per 10 gram for gold jewellery; and
 - (ii) Rs.1000 per kg to Rs.1500 per kg. for silver jewellery.
- The rates of excise duty are being equalized/ unified for maize starch, tapioca starch and potato starch, umbrellas, umbrella parts and umbrella cloth panels at 4% and for ceramic tiles manufactured in kilns fired by not using electricity, and other ceramic tiles at 10%, with Cenvat credit.