VERENDRA KALRA & CO

CHARTERED ACCOUNTANTS

INDIA

BUDGET STATEMENT

2015

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BUDGET STATEMENT 2015

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Foreword

Budget 2015 is a no frills, solid and pragmatic budget which aims to set up the much desired road map for the Indian economy. For the first time, after going through the railway budget and the India budget, one gets to feel that good governance need not necessarily be bad politics and it is time to change our perception that annual budgets are one off steps which do not synchronize with and fit in the series of steps which should form the medium term vision of the government.

The softening of commodity prices, especially crude oil, a significant lowering of inflation, and the upbeat business sentiment, riding on the back of a projected growth rate of 7.4% for 2016 by the Economic survey, gave enough elbow room to the FM to deliver a bold budget, which dares to meet all the three crucial objects of fiscal consolidation, social inclusion as well as growth. His confidence in his strategy to do so is clearly visible as he has chosen to postpone by one year the target to lower fiscal deficit to 3 % and instead utilizing the extra 0.5% of GDP he gets by doing so towards infrastructural needs. Fiscal consolidation has been proposed to be tackled through setting up a Monetary Policy Committee as well as that of a Public Debt Management Agency, to manage both the external and internal debt. Tackling of inflation to a consistent and moderate level of 5% is sought to be institutionalized through a mechanism with the joint responsibility of the Central Government and RBI.

The FM walks the talk in this budget about tackling black money head on and this budget contains a slew of measures to clamp down strongly on both parking of black money overseas and generation thereof domestically. This includes prosecution and imprisonment up to 10 years for concealment of foreign assets, and a Benami Transactions (Prohibition) law for domestic tax evasion. FEMA laws is also mooted to be tightened in sync, though it does raise apprehensions of resuscitation of the FERA regime.

FM's focus on taking concrete steps to provide the much needed impetus to infrastructure is clearly visible. There is a clear admission that the

The FM walks the talk in this budget about tackling black money head on...

There is a clear admission that the PPP models of the past have failed to work, and need to be revamped...



PPP models of the past have failed to work, and need to be revamped, wherein the government steps in to shoulder a major part of the risk. 5 new Ultra Mega Power Projects aggregating to more than 20000 MW, have been announced. Tax free bonds to facilitate flow of investments in infrastructure have been mooted. Plug and play model for future projects is a very desirable and long overdue step.

Investment flow to India Inc. will get a boost through steps that have been announced to incentivize investment flows from outside India in SPV's such as Alternative Investment Funds and setting up of a National Investment and Infrastructure fund (NIIF). FII and FDI inflows will now be capped on a composite basis. Monetization of gold will help improve liquidity from unproductive locked up assets so far.

Housing for all by 2022 aims at constructing 6 crore new houses and electrification by 2002 aims to connect the remaining 20000 villages in the country. There is mention of completing 2 lacs km's of roads. Agriculture receives a boost through an ambitious target of provision of 8500 billion of credit in next year. Tourism gets facilitated through extension of on arrival visa facility to 150 nations.

Make in India campaign gets attention though efforts to enhance credit flow, such as to small players to whom support is being provided through the MUDRA bank funding to the tune of 200 billion. This goes hand in hand with skill up gradation, for which a National skills Mission to be launched. Tax on import of technical knowledge from outside India has been reduced from 25% to 10% to enhance efficiencies through used of latest technologies. Entrepreneurship gets a boost through SETU program. Correction of inverted duty structures is also aimed at helping domestic manufacturers compete globally.

Ease of doing business is a primary concern for the business community and this budget gets going on it through measures to enable exit for distressed businesses, through a comprehensive modern Bankruptcy Code. Measures have been announced to rationalize various inconsistent and archaic regulations.

Good Governance is proposed to be facilitated through targeted subsidies through Jan Dhan Yojana and use of Adhaar identification and Mobile platform. Comprehensive revamping of the procurement law is on the cards and Public Contracts (Resolution of Disputes) Bill is proposed to be introduced to cut down on litigation.

Social inclusion initiatives include many schemes to provide insurance cover at nominal costs, allow options to switch from EPF to NPS, voluntary choice of contributing to EPF for workers in the lower wage category, increased deductions for health insurance, and more so for senior citizens, and specially abled.

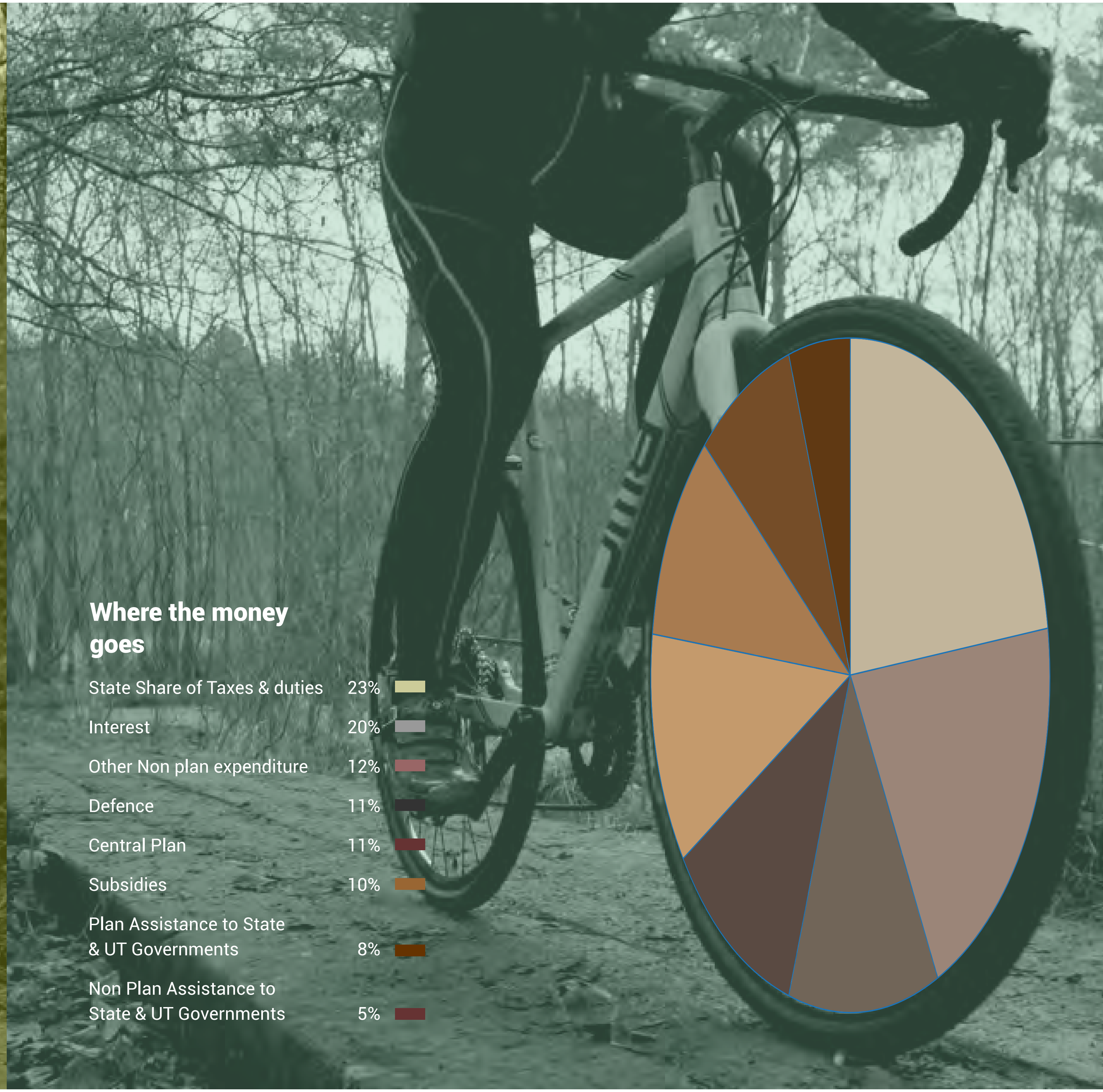
On the direct tax front, other than significant changes to tackle the menace of black money, there is a welcome intent to cut down on corporate tax rate from 30% to 25% over 4 years. Wealth tax is proposed to be scrapped but at the same time, the shortfall is more than proposed to be covered through enhanced surcharge on personal taxation by 2% on the super-rich. GAAR has been put on the back burner for another 2 years, to keep the positive sentiment going. DTP limits have been raised from 50 million to 200 million. Changes made over last few years has rendered the DTC infructuous. It has been rightly abandoned.

On the indirect tax front, Service Tax has been increased to 14%, perhaps with a view to moving towards GST regime. Excise duty rate has been rounded off to 12.5%, combined with rationalization of rates for some products on a routine basis. The difference between both the rates, however looks inconsistent, as GST is just round the corner in 2016.

Overall, a very good budget, low on color and populism, but high on intent and workmanship, aiming to take India forward in the right direction. Radicalism has been rightly eschewed in favor of incrementalism. Ability to execute, as always remains the key, and the biggest untested area of this government so far.

Verendra Kalra & Co.


Where the money comes from
Borrowing and other liabilities 24%
Corporate Tax 21%
Income Tax 14%
Excise 10%
Non-tax revenues 10%
Customs 9%
Service tax and other taxes 9%
Non-debt capital receipts 3%


Where the money goes
State Share of Taxes & duties 23%
Interest 20%
Other Non plan expenditure 12%
Defence 11%
Central Plan 11%
Subsidies 10%
Plan Assistance to State & UT Governments 8%
Non Plan Assistance to State & UT Governments 5%

Budget Financials

(Amount in INR Billion)

	Particulars	2013-14 Actuals	2014-15 BE	2014-15 RE	2014-15 BE
1	**Revenue Receipts (2+3)**	**10,147**	**11,898**	**11,263**	**11,416**
2	Tax Revenue(Net to Centre)	8,159	9,773	9,085	9,198
3	Non-tax revenue	1,989	2,125	2,178	2,217
4	**Capital Receipts(5+6+7)**	**5,447**	**6,051**	**5,549**	**6,359**
5	Recoveries of loans	125	105	109	108
6	Other receipts	294	634	314	695
7	Borrowings & other liabilities	5,029	5,312	5,126	5,556
8	**Total Receipts (1+4)**	**15,594**	**17,949**	**16,812**	**17,775**
9	**Non Plan Expenditure**	**11,061**	**12,199**	**12,132**	**13,122**
10	On revenue account	10,190	11,146	11,219	12,060
11	Of which Interest payments	3,743	4,270	4,114	4,561
12	On Capital account	871	1,053	913	1,062
13	**Plan Expenditure**	**4,533**	**5,750**	**4,679**	**4,653**
14	On Revenue account	3,527	4,535	3,669	3,300
15	On Capital account	1,006	1,215	1,011	1,353
16	**Total Expenditure (9+13)**	**15,594**	**17,949**	**16,812**	**17,775**
17	**Revenue Expenditure (10+14)**	**13,718**	**15,681**	**14,888**	**15,360**
18	**Capital expenditure(12+15)**	**1,877**	**2,268**	**1,924**	**2,414**
19	**Revenue deficit (17-1)**	**3,570**	**3,783**	**3,625**	**3,945**
20	**Fiscal deficit {16-(1+5+6)}**	**5,029**	**5,312**	**5,126**	**5,556**
21	**Primary deficit (20-11)**	**1,286**	**1,042**	**1,013**	**995**

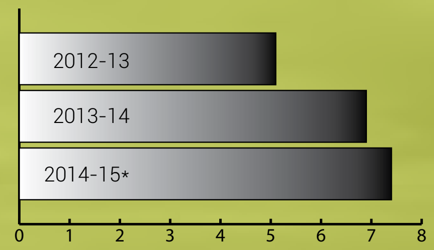
Capital Receipt = (Recoveries of loans + Disinvestment Receipts + Borrowings & Other Liabilities)
Revenue Deficit = (Revenue Receipt - Revenue Expenditure)
Primary Deficit = (Fiscal Deficit - Interest Payments)

Fiscal Deficit = (Total Receipts - Borrowings & Other Liabilities - Total Expenditure)
BE = Budget Estimates
RE = Revised Estimates

Economic Indicators

GDP Growth

(Market prices, 2011-12 as base year)

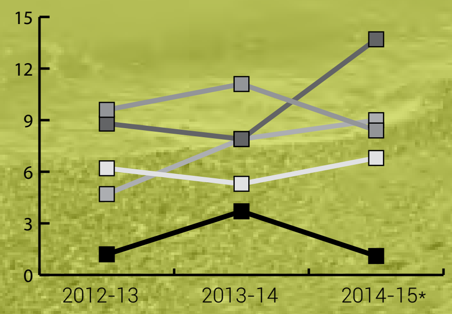


Year	%
2012-13	5.1
2013-14	6.9
2014-15*	7.4

*AE

Growth in GVA

(Market prices, 2011-12 as base year)

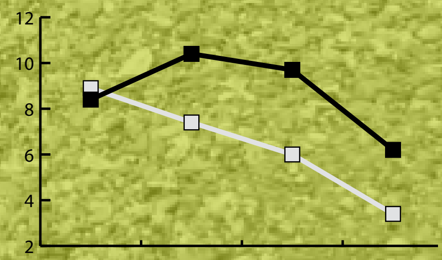


Year	Agriculture & Allied	Manufacturing	Trade, Hotel, Transport & Communication	Financial, real estate and business services	Community, social & personal services
2012-13	*1.2*	*6.2*	*9.6*	*8.8*	*4.7*
2013-14	*3.7*	*5.3*	*11.1*	*7.9*	*7.9*
*2014-15**	*1.1*	*6.8*	*8.4*	*13.7*	*9*

*AE

Inflation CPI and WPI

[Average] %

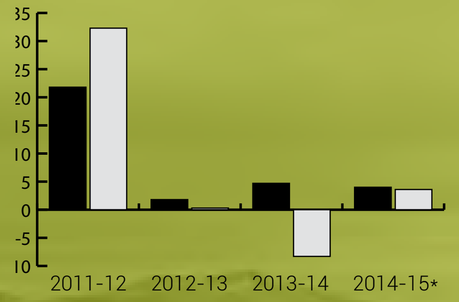


Year	*Inflation CPI [Average]*	*Inflation (WPI) [Average]*
2011-12	*8.4*	*8.9*
2012-13	*10.4*	*7.4*
2013-14	*9.7*	*6.0*
*2014-15**	*6.2*	*3.4*

** Based on April- December 2014 Provisional Actuals*

Economic Indicators

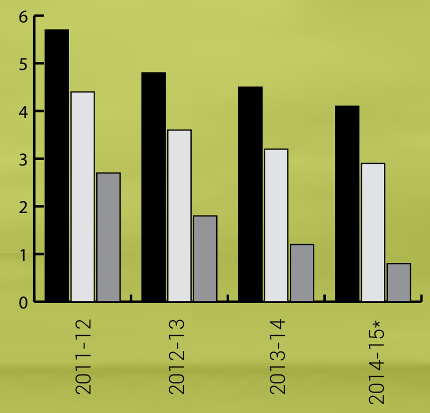
Growth in Foreign Trade [Average] %



Year	Exports	Imports
2011-12	*21.8*	*32.3*
2012-13	*(1.8)*	*0.3*
2013-14	*4.7*	*(8.3)*
*2014-15**	*4.0*	*3.6*

** Based on April- September 2014 PA*

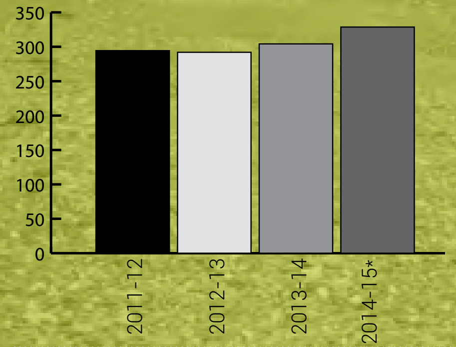
Deficit Trends



Year	Fiscal	Revenue	Primary
2011-12	*5.7*	*4.4*	*2.7*
2012-13	*4.8*	*3.6*	*1.8*
*2013-14**	*4.5*	*3.2*	*1.2*
*2014-15***	*4.1*	*2.9*	*0.8*

**PA ** BE*

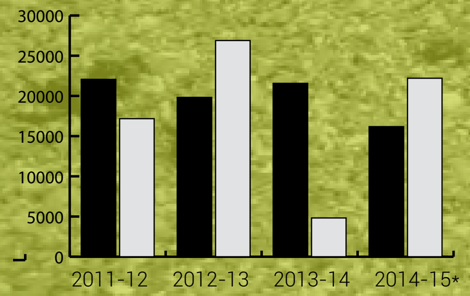
Forex Reserves
In USD billion



Year	In USD billion
2011-12	*294.40*
2012-13	*292.00*
2013-14	*304.20*
*2014-15**	*328.70*

** Based on April- December 2014 PA*

Foreign Investment
(IN USD Million)



Year	FDI	FPI
2011-12	*22,061*	*17,170*
2012-13	*19,819*	*26,891*
2013-14	*21,564*	*4,822*
*2014-15**	*16,183*	*22,202*

** Based on April- September 2014 PA*

Economic Indicators

GDP GROWTH

Macroeconomic situation in India has significantly improved as evident from the growth in GDP, which is now being calculated with a changed methodology i.e. at market prices, in line with the international practices, as opposed to GDP at factor cost. During the current year the GDP has grown from 6.9% to 7.4% considering 2011-12 as base year.

Using the new estimate, the Economic Survey is very optimistic that GDP growth at constant market prices is expected to accelerate to between 8.1% and 8.5% in 2015-16.

AGRICULTURE AND ALLIED SECTOR

The growth rate for Agriculture and Allied sector has been estimated at 1.1% in 2014-15 owing to high level of food inflation, seasonal and short term price spikes in various food commodities and lower rainfall that was only 88 per cent of long-period average.This is much lower than the bumper year in 2013-14 when the growth rate in this sector was 3.7%.

INDUSTRY AND INFRASTRUCTURE

The earlier GDP based on factor cost showed a slow industrial growth during the last 3 years; however this is at a variance with the latest GDP, based on market prices and with 2011-12 as base year.

The Advance Estimates for industrial growth show in 2014-15 show a rise to 5.9% as against 4.5% in 2013-14. The factors contributing to the growth are manufacturing, electricity, gas and water and construction sectors registering a growth of 6.8%, 9.6% and 4.5% respectively. However, with no major discoveries of oilfields, the natural gas and crude oil production have declined to (-) 5.1% in 2014-15.

Growth in the industrial sector is expected to accelerate over time due to number of macro level and sectoral initiatives taken.

SERVICES

The services sector has grown rapidly in the last decade with almost 72.4% of the growth in India's GDP in 2014-15 coming from this sector. Growth in the services sector has increased from 9.1% in 2013-14 to 10.6% in 2014-15. This is mainly due to growth acceleration in financial, real estate, professional services, public administration, defense and other services.

Growth in Gross Value Added at constant (2011-12) Basic Prices (%):

	ITEM	2014-15(AE)	2013-14	2012-13
I.	**Agricultural & Allied**	**1.1**	**3.7**	**1.2**
II.	**Industry**	**5.9**	**4.5**	**2.3**
	Mining & Quarrying	2.3	5.4	(0.2)
	Manufacturing	6.8	5.3	6.2
	Electricity, gas & water supply & other utility services	9.6	4.8	4.0
	Construction	4.5	2.5	(4.3)
III.	**Services**	**10.6**	**9.1**	**8.0**
	Trade, Hotels, Transport & Communication	8.4	11.1	9.6
	Financial, real estate and business services	13.7	7.9	8.8
	Community, social & personal services	9.0	7.9	4.7
IV.	**GVA at Basic Prices**	**7.5**	**6.6**	**4.9**
IV.	**GDP at Market Prices**	**7.4**	**6.9**	**5.1**

Economic Indicators

INFLATION

CPI has been estimated at 6.2% for 2014-15 and is likely to decline further. The estimate for 2015-16 for CPI inflation is between 5.0-5.5 % range and for the GDP deflator in 2.8-3.0 % range.

Structural shifts in the inflationary process are underway caused by lower oil prices and deceleration in agriculture prices and wages. These are simultaneously being reflected in dramatically improved household inflation expectations. The economy is likely to over perform on the RBI's inflation target by about 0.5-1.0%, opening up the space for further monetary policy easing.

The annual average rate of inflation in WPI terms declined from 6.0% in 2013-14 to 3.4% in 2014-15 (April to December 2014)

FOGEIGN TRADE, RESERVES AND INVESTMENT

Export growth declined to 4.0% in April 2013- December 2014 as compared to 4.7% during 2013-14. The value of imports has grown to 3.6% in 2014-15 as compared to decline of 8.3% in 2013-14

Foreign portfolio inflows (of USD 38.4 billion since April 2014) have stabilized the rupee, exerting downward pressure on long-term interest rates, reflected in the yield on 10-year government securities, and contributed to the surge in equity prices (31% since April in rupee terms, and even more in USD, ranking it the highest amongst emerging markets).

Foreign exchange reserves increased marginally from USD 304.2 billion at

the end of March 2014 to USD 328.7 billion in January 2015.

Foreign investment (net) on account of FDI has increased from USD 14,589 million in April- September 2013 (USD 21,564 million in 2013-14) to USD 16,183 million in April-September 2014. However, FPI (net) has increased from negative USD 6,827 million in April-September 2013 (USD 4,822 million in 2013-14) to USD 22,202 million during the same period in 2014.

FISCAL, REVENUE AND PRIMARY DEFICIT

Gross Fiscal Deficit declined from 4.5% for 2013-14 (based on PA) to 4.1% for 2014-15 (BE). Current Account Deficit has declined from USD 26.9 billion in April to September 2013 to USD 17.9 billion during the same period in 2014.

The outlook is favorable for the current account and it's financing. A likely surfeit, rather than scarcity, of foreign capital will complicate exchange rate management. Risks from a shift in US monetary policy and turmoil in the Eurozone need to be watched but could remain within control. Assuming a further moderation in average annual price of crude petroleum and other products, the current account deficit is estimated at about 1.3 % of GDP for 2014-15 and less than 1.0 % of GDP in 2015-16.

PRIMARY MARKET

During April-December 2014, resource mobilization through the primary market exhibited mixed patterns with equity and debt issues declining and private placements of corporate bonds increasing, on year-on- year basis. As private placements of corporate bonds account for the lion's share, total mobilization increased during the period.

ECONOMIC SURVEY- KEY CHALLENGES

THE GROWTH-FISCAL POLICY CHALLENGE

India must adhere to the medium-term fiscal deficit target of 3% of GDP. It must also reverse the trajectory of recent years and move toward the golden rule of eliminating revenue deficits and ensuring that, over the cycle, borrowing is only for capital formation.

GROWTH, PRIVATE AND PUBLIC INVESTMENT

The balance sheet syndrome with Indian characteristics" creates a web of difficult challenges that could hold back private investment. Private investment must remain the primary engine of long-run growth. But in the interim, to revive growth and to deepen physical connectivity, public investment, especially in the railways, will have an important role to play.

Expectation that the private sector will drive investment needs to be moderated. Public investment may need to step in to ramp up capital formation.

THE BANKING CHALLENGE

Banking is hobbled by policy, which creates double financial repression, and by structural factors, which impede competition. The solution lies in the 4 Ds of deregulation (addressing the statutory liquidity ratio (SLR) and priority sector lending (PSL)), differentiation (within the public sector banks in relation to recapitalization, shrinking balance sheets, and ownership), diversification (of source of funding within and outside banking), and disinterring (by improving exit mechanisms).

MANUFACTURING, SERVICES AND THE CHALLENGES OF "MAKE IN INDIA"

Sectors that are capable of facilitating structural transformation in an emerging economy must have a high level of productivity, show convergence to the technological frontier over time, draw in resources from the rest of the economy to spread the fruits of growth, be aligned with the economy's comparative advantage; and be tradeable. India could bolster the 'Make in India' initiative, which requires improving infrastructure and reforming labor and land laws by complementing it with the 'Skilling India' initiative.

THE TRADE CHALLENGE

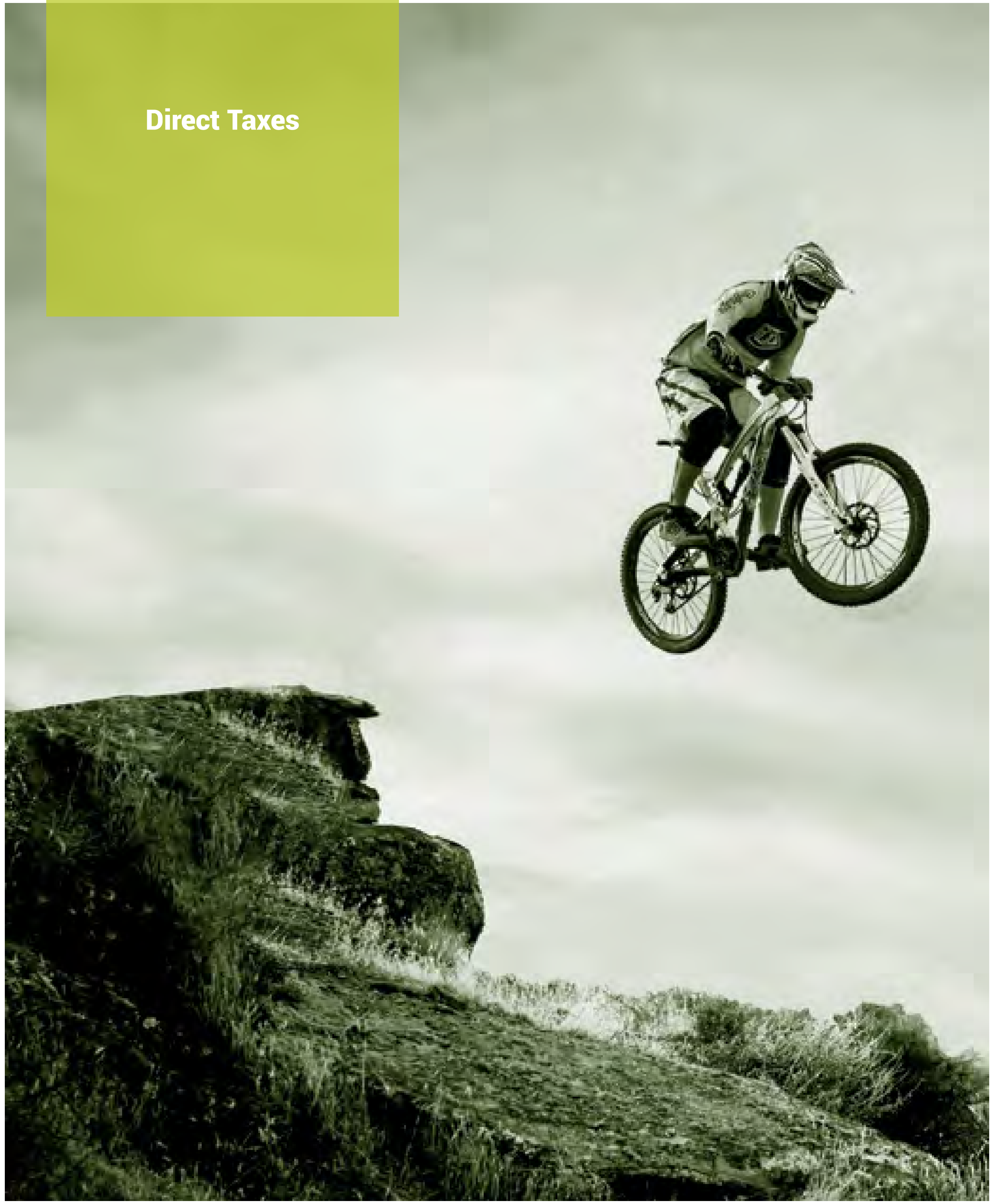
The message for India seems to be that the external trading environment is encountering two sets of headwinds: first, a slowdown in world growth which will reduce Indian exports; and second, for any given world growth, export growth will be even lower because of trade's declining responsiveness. And, India must be especially watchful about services exports—an engine of growth—which have slowed markedly.

COOPERATIVE FEDERALISM AND THE RECOMMENDATIONS OF THE FOURTEENTH FINANCE COMMISSION (FFC)

Far-reaching changes for sharing of revenues between the Center and the States, on the one hand, and between the States, on the other, have been recommended by the FFC. Successful implementation will advance the cause of cooperative federalism that the new government has enthusiastically embraced.

The FFC marks a watershed in the history of Indian federalism. The FFC has radically enhanced the share of the States in the central divisible pool from the current 32% to 42%, which is the biggest ever increase in vertical tax devolution. The concern that more transfers will undermine fiscal discipline is not warranted because States as a whole have been more prudent than the Centre in recent years.

Direct Taxes



RATES OF INCOME TAX

Individuals/ HUF/ BOI

The rates of income tax are the same as those specified for assessment year 2015-2016. The surcharge for such tax payers, having income above INR 10 million, shall be levied at the rate of 12%, as against the existing rate of 10%. Marginal relief will be provided.

Co-operative societies/ Firms/ Local authorities

The rates of tax continue to be the same as that specified for assessment year 2015-2016. The surcharge in case of income above INR 10 million shall be levied at the rate of 12%, as against the existing rate of 10%. Marginal relief will be provided.

Companies

Nature of company	Income tax rate	Income slab	Existing surcharge	Proposed surcharge
Domestic company	30% (It is proposed to reduce tax rate to 25% over the next 4 years in a phased manner starting from FY 2016-2017)	INR 10 million < Income < INR 100 million	5%	7%
		Income > INR 100 million	10%	12%
Foreign company	40%	INR 10 million < Income < INR 100 million	2%	2%
		Income > INR 100 million	5%	5%

Marginal relief will be provided.

'Education cess' and 'Secondary and Higher Education Cess'

Cess @ 2% and 1% respectively shall continue to remain the same. No marginal relief shall be available in respect of such cess.

PERSONAL TAXATION

Abolition of levy of Wealth tax under Wealth Tax Act, 1957

It is proposed to abolish the levy of wealth tax under the Wealth Tax Act, 1957.

Transport allowance exemption limit raised

It is proposed to increase the transport allowance from INR 800 per month to INR 1,600 per month.

Increased flexibility of savings in section 80C

It is also proposed to provide that a sum paid or deposited during the year in the scheme in the name of any girl child of the individual or in the name of any girl child for whom such individual is the legal guardian, would be eligible for deduction. It is proposed to provide that any interest accruing on deposits in, and withdrawals from an account opened in accordance with the Sukanya Samriddhi Account Rules, 2014 shall not be included in the total income of the tax payer.

These amendments will take retrospective effect from April 01, 2015 and will, accordingly, apply in relation to AY 2015-2016 and subsequent assessment years.

Determination of residential status of an Indian citizen working on a foreign ship

It is proposed that for determining the residential status of an individual, being a citizen of India and crew member of a foreign bound ship leaving India, manner and basis of computing the period of stay in India in respect of voyage shall be prescribed to remove existing ambiguities.

These amendments will take retrospective effect from April 01, 2015 and will, accordingly, apply in relation to AY 2015-2016 and subsequent assessment years.

Additional deduction in respect of contribution to pension scheme of Central Government

It is proposed to provide an additional deduction up to INR 50,000 on employee's contribution towards National Pension Scheme. This is in addition to the deduction available up to 10% of salary within an overall limit of INR 150,000.

Increased deduction in respect of contributions to certain pension funds

The limit of eligible deduction for investment in LIC Annuity Plan or any other Pension Fund is proposed to be increased to INR 150,000 from the existing limit of INR 100,000.

Increased deduction in respect of health insurance premia under section 80D

It is proposed to raise the limit of deduction, allowed to individuals and HUF, from the existing INR 15,000 to INR 25,000 and from INR 20,000 to INR 30,000 for senior citizens.

It is further proposed to provide for deduction of INR 30, 000 to an Individual for any payment made for medical expenditure in respect of very senior citizen for whom no health insurance premium is paid. The aggregate deduction available to any individual for health insurance premia and the medical expenditure would be limited to INR 25,000 / INR 30,000 for self/ family and INR 30,000 for parents.

Increased deduction for dependant with disability

It is proposed to raise the limit of deduction in respect of a dependant person with disability under section 80DD from the existing INR 50,000 to INR 75,000 and from INR 100,000 to INR 125,000 in case of a person with severe disability.

Increased deduction in case of a person disability under section 80U

It is proposed to raise the limit of deduction in respect of a resident with disability from the existing INR 50,000 to INR 75,000 and from INR 100,000 to INR 125,000 in case of a person with severe disability.

Increased deduction in respect of medical treatment of a very senior citizen

It is proposed to raise the limit of deduction to up to INR 80, 000, for the expenditure incurred in respect of the medical treatment of a 'very senior citizen' from the existing limit of INR 60,000.

It is also proposed to amend section 80DDB so as to provide that the tax payer will be required to obtain a prescription from a specialist doctor for the purpose of availing this deduction as against the existing provisions which required a certificate in the prescribed form from a specialist in a Government hospital.

Deduction on donations to certain funds, institutions, etc.

It is proposed to widen the scope of section 80G to provide 100% deduction from the total income in respect of donations made to National Fund for Control of Drug Abuse.

Similarly, the donations made to 'Swachh Bharat Kosh' *(any donor will be eligible)* and 'Clean Ganga Fund' *(only resident donors shall be eligible)* shall also be eligible for 100% deduction. However, any sum spent in pursuance of Corporate Social Responsibility under section 135(5) of the Companies Act, 2013, will not be eligible for deduction from the total income of the donor. *These amendments will take retrospective effect from April 01, 2015 and will, accordingly, apply in relation to AY 2015-2016 and subsequent assessment years.*

Collation of proof by employer for providing deduction from salary income for the purpose of withholding tax.

In order to bring uniformity, it is proposed that the employer, prior to allowing deductions or exemptions, will obtain the proofs from the employee in a form and manner as may be prescribed.

Withholding tax on pre-mature withdrawal of Employees Provident Fund

It is proposed that trustees of EPFS will deduct tax at the rate of 10% on the taxable withdrawal amount above INR 30,000, as against the existing provisions where tax on withdrawal was calculated by re-computing the tax liability of the years for which the contribution was made.

It is further proposed that tax will be deducted at the maximum marginal rate, on failure to furnish PAN.

This amendment will take effect from June 01, 2015.

CHARITABLE INSTITUTIONS

Definition of 'charitable purpose' broadened

It is proposed to include 'yoga' as a specific category in the definition of charitable purpose on the lines of education.

Receipts from 'advancement of any other object of general public utility'

The advancement of any other object of general public utility shall not be a charitable purpose, if it involves the carrying on of any activity in the nature of trade, commerce or business, or any activity of rendering any service in relation to any trade, commerce or business, for a cess or fee or any other consideration, exceeding INR 2.5 million. It is now proposed to substitute this limit of INR 2.5 million with 20% of the total receipts of the trust or institution.

Condition for availing benefit of income accumulation

In order to bring clarity with regard to the period within which the charitable institution is required to file Form 10 with the tax authorities and to ensure timely filing of the return of income, it is proposed that benefit of income accumulation for future will be available only if both, the return of income and Form 10 are filed within the due date of filing original return of income.

Filing of return mandatory for entities claiming exemption under section 10(23C)

Universities, educational institutions, hospitals and other institutions for medical treatment which are substantially financed by government and are claiming exemption under section 10(23C) (iiiab) and (iiiac), will now be mandatorily required to file return of income under the provisions of section 139.

MEASURES TO PROMOTE DOMESTIC MANUFACTURING AND IMPROVING THE INVESTMENT CLIMATE (Make in India)

Additional Allowance for investment in backward areas of Andhra Pradesh and Telangana

It is proposed to provide for an additional investment allowance, under new section 32AD, of 15% of the cost of new asset acquired and installed by a tax payer, if: an undertaking or enterprise for manufacture or production of any article or thing is set up in any notified backward areas in the State of Andhra Pradesh and Telangana during the period beginning from April 01, 2015 and ending on March 31, 2020.

This deduction shall be available over and above the existing 15% deduction available, under section 32AC of the Act (subject to fulfilment of specified conditions under both the sections).

Additional depreciation @ 35% for investment in backward areas of Andhra Pradesh and Telangana

It is now proposed to allow higher additional depreciation, subject to similar conditions, at the rate of 35%, as against the existing 20%, where an tax payer acquires and installs new plant or machinery (other than a ship and aircraft) in a manufacturing undertaking or enterprise set up in the notified backward area of the State of Andhra Pradesh or the State of Telangana on or after April 01, 2015 and ending before April 01, 2020.

Additional conditions now prescribed for fulfilment by the approved in-house R&D facility

It is proposed that to avail the benefit of 200% weighted deduction under section 35(2AB), in relation to expenditure incurred on approved in-house R&D facility, the company shall have to fulfil such conditions with regard to maintenance of accounts and audit thereof and furnishing of reports in such manner as may be prescribed.

Allowance of balance 50% depreciation

Additional depreciation of 20% of the cost of new plant or machinery acquired and installed is allowed under the existing provisions of section 32(1) (iia) of the Act over and above the general depreciation allowance. This additional depreciation would be restricted to 50% when the new plant or machinery is put to use for a period of less than 180 days in the previous year.

It is proposed to provide that the balance 50% of the additional depreciation on new plant or machinery acquired and used for less than 180 days which has not been allowed in the year of acquisition and installation, shall be allowed in the immediately succeeding previous year.

Extension of benefit of deduction in respect of employment of new workmen to all manufacturing units

It is proposed to extend the benefit of deduction equal to 30% of the 'additional wages' *(in excess of 100 new regular workmen employed)* to all tax payers having manufacturing units rather than restricting it to corporate tax payers only. It is further proposed to extend the benefit to units employing even 50 instead of 100 regular workmen.

Reduction in withholding tax rate 'Royalty and Fee for technical services' payments to non-residents

In order to reduce the hardship faced by small entities due to high rate of tax of 25%, it is proposed to reduce the withholding tax rates on any income by way of 'Royalty and Fees for technical services' received by non-residents to 10%.

Withholding tax rate on income by way of interest on certain bonds and Government securities

It has been proposed to extend the concessional rate of 5% for withholding tax on interest payable to FIIs and QFIs in respect of investments in rupee denominated bonds of an Indian company or Government securities till June 30, 2017.

This amendment will take effect from June 01, 2015.

Withholding tax rate on interest (other than interest on securities)

¤ TDS will now be applicable on interest paid by banks on recurring deposits if such interest paid exceeds the threshold limit of INR 10, 000 per year.

¤ Currently, the interest income for the purpose of withholding tax is computed with reference to a branch of bank/ co-operative society. It has been proposed that, for entities which have adopted core banking solution, withholding tax on interest be computed on the interest paid at the entity level (and not at a branch level).

¤ It is clarified through an express amendment that the benefit of non-deduction of tax shall not apply to interest payments on time deposits by the co-operative banks to its members.

¤ It is proposed that withholding tax provisions shall be applicable only on payment (and not accrual) of interest on compensation awarded by Motor Accident Claim Tribunal.

This amendment will take effect from June 01, 2015.

Fund Managers in India not to constitute business connection of offshore funds

¤ Currently, the presence of fund manager in India may create sufficient nexus of the off-shore fund with India and may constitute a business connection in India even though the fund manager may be an independent person. Similarly, if the fund manager located in India undertakes fund management activity in respect of investments outside India for an off-shore fund, the profits made by the fund from such investments may be liable to tax in India due to the location of fund manager in India and attribution of such profits to the activity of the fund manager undertaken on behalf of the off-shore fund.

¤ To remove the hardships, a special regime has been proposed to ensure that the fund management activity of an 'eligible investment fund' carried out by an 'eligible fund manager' will not constitute business connection in India of the said fund. Moreover, an eligible investment fund will not be said to be resident in India merely because the eligible fund manager is situated in India.

¤ An offshore fund will qualify as 'eligible investment fund' for this purpose only if it fulfils the prescribed criteria. Similarly, conditions have been prescribed to qualify a person as an 'eligible fund manager'.

AMENDMENTS IN TAX REGIME OF AIF and REIT

Pass-through status for AIF's

¤ In order to rationalize the taxation of Category-I and Category-II AIFs, it is proposed to provide a special tax regime. The taxation of income of such investment fund and their investors shall be in accordance with the proposed regime which is applicable to such funds irrespective of whether they are set up as a trust, company, or limited liability firm etc.

¤ Further, the existing pass through regime is proposed to be continued to apply to VCF/ VCC which had been registered under SEBI (VCF) Regulations, 1996. Remaining VCFs, being part of Category-I AIFs, shall be subject to the new pass through regime.

Tax regime for Real Estate Investment Trusts (REIT) and Infrastructure Investment Trusts (InvIT)

The taxation regime introduced last year in respect of business trusts is proposed to be rationalised as under:

Parameters	Existing provisions	Proposed provisions
Definition of business trust	Makes reference to trusts registered as REIT or InvIT under SEBI	To make specific reference to SEBI (Infrastructure Investment Trusts) Regulations, 2014 and SEBI (Real Estate Investment Trusts) Regulations, 2014
Exemption of rental income	No exemption from taxation of rental income arising from an asset held directly by a REIT	Rental income shall be exempt from tax in hands of REIT in relation to asset directly held
Exclusion of income in the hands of unitholders	Any income distributed to Unit Holder other than interest is exempt in the hands of Unit Holder	Rental income will be taxable in the hands of unitholders
Exemption on transfer of units in business trust	No exemption from tax on transfer of units in business trust which were acquired by Sponsor in exchange of shares of a SPV	Gains arising from transfer of units held in business trust shall be liable to STT and the long-term capital gains shall be exempt from tax. Short-term capital gains tax will be taxable @ 15% (plus surcharge and education cess)
Withholding tax on rental income payable	No exemption from withholding tax on the rental income payable to a REIT	No taxes shall be withheld on payment of rent to a REIT

EASE OF BUSINESS/ DISPUTE RESOLUTION

Clarity relating to Indirect transfer provisions

The provisions of section 9(1)(i) dealing with indirect transfers provide that all income accruing or arising, whether directly or indirectly, through or from any business connection in India, or through or from any property in India, or through or from any asset or source of income in India, or through the transfer of a capital asset situated in India shall be deemed to accrue or arise in India. Following the recommendations of the Shome Committee and the concerns of the international community, guidlines are being proposed to identify cases which will result in indirect transfers.

Qualifying limit of 'specified domestic transactions' raised

The existing provisions define 'specified domestic transaction' in case to mean any of the specified transactions, not being an international transaction, where the aggregate of such transactions entered into by the tax payer in the previous year exceeds a sum of INR 50 million. It is proposed to raise this limit to INR 200 million.

Transfer of units in a consolidating scheme of mutual funds - not regarded as 'transfer' under section 47

It is proposed that the transfer of a units held by an assessee in a consolidating scheme of mutual funds will be considered as an exempt transfer provided the consolidation is of two or more schemes of an equity oriented fund or two or more schemes of a fund other than an equity oriented fund.

It is also proposed that the period for which the units were held in the earlier scheme will be included for the purpose of calculating the holding period of units in the consolidating scheme. Further, it is proposed that the cost of acquisition of the units transferred will be the cost of acquisition in a consolidating scheme.

Withholding tax provisions on payments to transporters

The existing provisions provide that all transporters, irrespective of their size, are eligible to claim exemption from withholding tax by furnishing their PAN to the deductor. An amendment has been proposed to exempt only small transport operators, from the purview of withholding tax, who own less than 10 goods carriage at any time during the previous year and who have also furnished a declaration to this effect along with PAN to the deductor.

These amendments will take effect from June 01, 2015.

Rationalisation of provisions for charging interest for default in payment of advance tax under section 234B

It is proposed to amend the period for which interest is payable under section 234B in case of reassessments so as to align it with the objective of the section. Accordingly, the period for which the interest is to be computed will begin from the 1st day of the assessment year to the date of the reassessment order.

These amendments will take effect from June 01, 2015.

Relaxing the requirement of obtaining TAN for certain deductors

It has been proposed to dispense off with the requirement for quoting of TAN in one time transaction of acquisition of immovable property from non-resident by an individual or HUF on which tax is deductible under section 195 of the Act.

These amendments will take effect from June 01, 2015.

CORPORATE TAXATION

Residency test for foreign companies

It is proposed that a foreign company will be resident in India, if its Place of Effective Management 'PoEM' is in India at any time during the year, as against the existing provisions which consider a foreign company as resident in India if the control and management of its affairs is situated wholly in India. The term 'PoEM' has been explained to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made. It is also proposed that in due course a set of guiding principles for determination of 'PoEM' would be issued.

Taxability of interest payments to a foreign bank by its Indian branches

With intent to provide clarity on the taxability of interest payments by Indian branch of foreign banks, it is proposed that:

- Indian branch of foreign banks shall be deemed to be a separate and independent person from its head office or offshore branches (in the context of payment of interest by the Indian branch);
- The payer branch in India will withhold income-tax on such interest payments;
- This overrules certain tax rulings which held that interest paid by Indian branch of a foreign bank is not taxable in hands of head office or offshore branches.

This amendment will take effect from June 01, 2015.

SETTLEMENT COMMISSION

The following amendments will take effect from June 01, 2015.

Application to Settlement Commission

It has been proposed to provide that if a reassessment notice under section 148 has been issued for any 1 year, a tax payer can approach Settlement Commission (SC) for other assessment years involving similar issue relating to escapement of income provided that a valid return of income has been furnished.

Rectification of order of Settlement Commission

It has been proposed to provide that the SC may, with a view to rectifying any mistake apparent from the record, amend any order passed by it under 245D(4):

- At any time within a period of six months from the end of month in which the order was passed;
- On an application made by the Principal Commissioner or Commissioner before the end of period of six months from the end of month in which the order was passed, at any time within a period of six months from the end of month in which such application was made.

Reasons for granting immunity to be in writing

It has been proposed to provide that the SC while granting immunity to any person shall record the reasons in writing in the order passed by it.

Terms of settlement to be stated in the order

It is been proposed to provide that if the final settlement order does not provide for terms of settlement, the proceedings will be considered as abated from the day on which such order was passed.

Bar on subsequent application for settlement

It is proposed to provide that a person, who has already approached the SC once, also cannot approach the SC subsequently. The related person with respect to a person means:

Where such person is an individual	Any company in which such person holds more than 50% of the shares or voting power at any time, or any firm or AOP or BOI in which such person is entitled to more than 50% of the profits at any time, or any HUF in which such person is a karta.
Where such person is a company	Any individual who held more than 50% of the shares or voting power in such company at any time before the date of application before the SC by such person.
Where such person is a firm or AOP or BOI	Any individual who was entitled to more than 50% of the profits in such firm, AOP or BOI, at any time before the date of application before the SC by such person.
Where such person is a HUF	The karta of that HUF

Adjustment of assets seized/ requisitioned against tax liability on SC application

It is proposed to provide that the assets seized or requisitioned under search and seizure may now be adjusted against the tax liability arising on application made before the SC.

RATIONALISATION OF ASSESSMENTS AND APPEAL PROCEDURES

The following amendments will take effect from June 01, 2015.

Appeals to the Appellate Tribunal against order under section 10(23C) (vi) or (via)

It is proposed to provide that a tax payer aggrieved by an order passed by the prescribed authority with respect to exemption to any university or other educational institution existing solely for educational purposes, and any hospital or other institution existing solely for philanthropic purposes, may prefer an appeal to the Appellate Tribunal.

Income tax limit of the cases that may be decided by single member bench of ITAT raised

It is proposed to provide that a bench constituted of a single member may dispose of a case where the total income as computed by the Assessing Officer does not exceed INR 1.5 million as against the existing limit of INR 0.5 million.

Assessment of income of any other person

The existing provisions under section 153C provide for assessment of a person when books of accounts, etc., belonging to such person are found during search. To overcome interpretational issues relating to the term 'belongs to', it has been proposed to substitute this term with 'relates to'.

Sanction for issue of notice for reassessment simplified

It is proposed to provide that no notice for reassessment shall be issued by an assessing officer up to 4 years from the end of relevant assessment year without the approval of Joint Commissioner and beyond 4 years from the end of relevant assessment year without the approval of the Principal Chief Commissioner or Chief Commissioner or Principal Commissioner or Commissioner.

Section 263: Revision of orders prejudicial to revenue

To remove doubts on the expression, 'erroneous in so far as it is prejudicial to the interests of the revenue', it is now expressly clarified that the revisionary proceedings can be initiated in case the Principal Commissioner of Commissioner is satisfied that the Assessing Officer's order has been passed:

- Without making inquiries or verification which, should have been made;
- Allowing relief without inquiring into the claim;
- Not in accordance with any order, direction or instruction issued by the CBDT under section 119;
- Not in accordance with any decision, prejudicial to the tax payer, of the jurisdictional High Court or Supreme Court, in case of the tax payer or any other person.

Procedure for appeal by revenue when an identical question of law is pending before Supreme Court

Under the existing provisions of the Act, the tax payer has an option to submit a claim before the Assessing Officer or appellate authorities to keep the proceedings in abeyance and apply the decision of the High Court/ Supreme Court when such order is issued in the tax payer's own case for previous years. There are no parallel provisions for tax authorities to not file an appeal for subsequent years where the department is in appeal on the same question of law for an earlier year.

It is proposed to provide that the tax authorities can file an application with the Tribunal (with acceptance from the tax payer) in prescribed form stating that the appeal may be filed when the decision on the identical question of law pending before the Supreme Court becomes final. Further, where the order of the Commissioner of Income Tax (Appeals) is not in conformity with the final order of the Supreme Court (Supreme Court decides in favour of the Department), the tax authorities can file an appeal before the Tribunal within 60 days from the date of communication of the order to the tax authorities.

If the acceptance is not received from the tax payer, the tax authorities can file the appeal before the Tribunal in the normal course of an appeal.

Accountant not to issue audit reports or certificates in certain cases

- It is proposed that except for the purpose of representing the tax payer before any tax authority, a chartered accountant cannot act as accountant for a tax payer if he is related to the tax payer. The meaning of related party for different classes of tax payer's has been defined separately. This provision has been inserted to ensure the independence of the auditor.
- It is further proposed that a person who has been convicted by a court for an offence involving fraud will be disqualified to act as an Authorised Representative for a period of 10 years from the date of conviction.

PENALTIES

- In cases where the provisions of section 115JB/ 115JC are attracted, it is proposed to clarify the meaning of 'amount sought to be evaded' for the purpose of levy of concealment penalty, to be the summation of tax sought to be evaded under the general provisions and the tax sought to be evaded under MAT/ AMT provisions. However, if an amount of concealed income is considered both under the general provisions and provision of MAT/ AMT, then such amount shall not be considered in computing tax sought to be evaded under the provisions of MAT/ AMT.
- It is proposed to amend the provisions of section 195 of the Act to provide that the person responsible for paying any sum, whether chargeable to tax or not, to a non-resident, not being a company, or to a foreign company, shall be required to furnish the information of the prescribed sum in such form and manner as may be prescribed, failing which a penalty of INR 0.1 million is proposed to be levied for non-furnishing or furnishing incorrect information in respect of withholding taxes in payments made to non-residents.

This amendment will take effect from June 01, 2015.

OTHER PROVISIONS

Deferment of General Anti Avoidance Rules (GAAR)

GAAR has been deferred by 2 years and would apply prospectively to investments made on or after April 1, 2017.

This amendment will take effect from April 01, 2015.

Direct Tax Code

The DTC enactment has been put to rest as most of its provisions have already been legislated as part of the current income tax law.

Power to make rules under section 295

The existing provisions of the Act do not provide the manner for granting credit of taxes paid in any country outside India. Accordingly, it is proposed to amend section 295 (2) to provide that CBDT may make rules to provide the procedure for granting relief or deduction, as the case may be, of any income-tax paid in any country or specified territory outside India, under section 90, section 90A, or section 91, against the income tax payable under the Act.

This amendment will take effect from June 01, 2015.

MEASURES TO CURB BLACK MONEY

Prohibition to accept or pay an advance of INR 20,000 or more in cash for purchase of immovable property

- It is proposed to extend the provisions of section 269SS/ 269T to cover cash transactions in relation to transfer of an immovable property whether or not the transfer takes place.
- Quoting of PAN will be mandatory for any purchase or sale exceeding the value of INR 100,000.

These amendments will take effect from June 01, 2015.

Policy proposals (no time limit in place as yet)

Introduction of a new bill

A new law is proposed to be introduced in order to curb the black money in relation to foreign assets. The following are the key features of the proposed new law:

- Offense of concealment of income and assets and evasion of tax in relation to foreign assets:
  - Liable for prosecution with punishment of rigorous imprisonment up to 10 years;
  - Offense will be non-compoundable;
  - Offence will not be eligible for an application before the settlement commission;
  - Levy of penalty at 300% of the tax liability;
  - Confiscation of unaccounted assets held abroad;
  - Attachment and confiscation of equivalent asset in India where the asset located abroad cannot be forfeited
- Non-filing of return or filing of return with inadequate disclosure of foreign assets:
  - Liable for prosecution with punishment up to rigorous imprisonment 7 years.
- Income from undisclosed foreign assets or undisclosed income from any foreign assets:
  - Taxable at maximum marginal rate;
  - No deduction or exemption available therefrom
- Beneficial owner or beneficiaries of foreign assets will be mandatorily required to file return even if there is no taxable income;
- Abettors will also be liable for prosecution and penalty.

Comprehensive law for Domestic Benami Transactions

A more comprehensive Benami Transactions (Prohibition) Bill for black money from domestic transactions will be introduced.

Indirect Taxes

SERVICE TAX

Change in rate of tax:

The FM has proposed to increase the rate of Service tax from the present 12.36% to 14% and further a 2% Swachh Bharat Cess (SBC) which shall make it 16%. However, the SBC is not yet levied on all services but shall be notified later but 14% rate shall be applicable as and when the Finance Bill gets the presidential assent.

Negative list pruned

Services mentioned below stand removed from the Negative List. These changes shall be effective from the date to be notified as and when the Finance Bill receives the presidential assent.

- Access to amusement facility.
- Services of carrying out any processes for production or manufacture of alcoholic liquor for human consumption are proposed to be made taxable by removing it from the negative list. Consequentially, it is proposed to remove contract manufacturing/job-work process carried out for production of alcoholic liquor for human consumption from Mega Exemption notification.
- Support services provided by Government to business entities to be taxable.

Mega exemption list pruned

The Mega Exemption Notification has been cut short as mentioned below. These changes shall be effective from the date to be notified as and when the Finance Bill receives the presidential assent.

- Services provided to Government to be taxable.

Exemption presently available on specified services of construction, repair, maintenance, renovation or alteration service provided to the Government, a local authority, or a governmental authority shall be limited only to -

  - a historical monument, archaeological site or remains of national importance, archeological excavation or antiquity;
  - canal, dam or other irrigation work; and
  - pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.

Exemption to other services presently covered under S. No. 12 of notification No. 25/12-ST is being withdrawn.

- Exemption to construction, erection, commissioning or installation of original works pertaining to an airport or port is being withdrawn.
- Exemption to services provided by a performing artist in folk or classical art form of (i) music, or (ii) dance, or (iii) theater, will be limited only to such cases where amount charged is up to INR 1, 00, 000 for a performance.
- Exemption to transportation of food stuff by rail, or vessels or road will be limited to food grains including rice and pulses, flour, milk and salt only.
- Services provided by a mutual fund agent to a mutual fund or assets management company.
- Service provided by a distributor to a mutual fund or AMC.
- Services provided by a selling or marketing agent of lottery ticket to a distributor.
- Exemption is being withdrawn on the following telephone services:
  - Departmentally run public telephone;
  - Guaranteed public telephone operating only local calls;
  - Service by way of making telephone calls from free telephone at airport and hospital where no bill is issued.

New Exemptions introduced

Following new exemptions have been introduced in the Mega Exemption Notification w.e.f April 1, 2015

- Hitherto, any service provided by way of transportation of a patient to and from a clinical establishment by a clinical establishment is exempt from Service Tax. The scope of this exemption is being widened to include all ambulance services.
- Life insurance service provided by way of Varishtha Pension Bima Yojna.
- Service provided by a Common Effluent Treatment Plant operator for treatment of effluent.
- Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labeling of fruits and vegetables.
- Service provided by way of admission to a museum, zoo, national park, wild life sanctuary and a tiger reserve. These services when provided by the Government or local authority are already covered by the Negative List.

¤ Service provided by way of exhibition of movie by the exhibitor (theatre owner) to the distributor or an association of persons consisting of such exhibitor as one of its members.

¤ Goods transport agency service provided for transport of export goods by road from the place of removal to a land customs station.

Abatements revised

The abatements provided to taxable services have been streamlined to the following extent applicable w.e.f April 1, 2015.

¤ A uniform abatement is now being prescribed for transport by rail, road and vessel and Service Tax shall be payable on 30% of the value of such service subject to a uniform condition of non-availment of CENVAT Credit on inputs, capital goods and input services.

¤ The abatement for classes other than economy air fare is being reduced and Service Tax would be payable on 60% of the value of such higher classes.

¤ Abatement is being withdrawn from services provided in relation to chit.

Reverse charge mechanism for certain services modified

The reverse charge mechanism provided as specified have been modified to the following extent applicable w.e.f April 1, 2015

¤ Manpower supply and security services when provided by an individual, HUF, or partnership firm to a body corporate are being brought to full reverse charge.

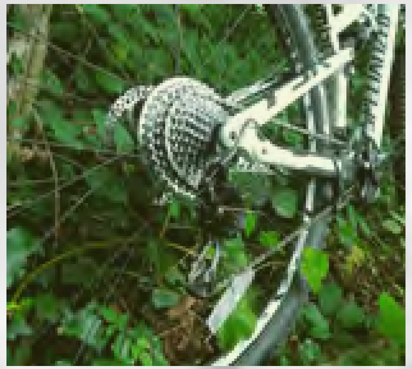
¤ Services provided by

ж mutual fund agents, mutual fund distributors; and

ж agents of lottery distributor

Changes in penal provisions

The penal provisions have been revamped to the following extent and shall be



effective **from the date the Finance Bill gets the presidential assent.**

¤ The unpaid amount of service tax assessed and declared in the service tax return by the taxpayer can now be recovered even without issuance of show cause notice.

¤ In cases involving fraud, collusion, willful misstatement or suppression of facts, the provisions have been modified as under:

ж Maximum penalty shall be equivalent to the service tax liability;

ж Penalty equivalent to 15 percent of the service tax liability ,if service tax, interest and reduced penalty is paid within thirty days of issuance of SCN;

ж A reduced penalty equivalent to 25 percent of the service tax amount, if service tax along with interest and reduced penalty is paid within thirty days of issuance of order;

ж In cases where the service tax amounts gets modified in the appellate proceedings then the penalty shall accordingly stand modified. This benefit of reduced penalty @ 25% will continue to be available if the service tax, interest and such reduced penalty is paid within thirty days of such appellate order.

¤ In cases not involving fraud, collusion, willful misstatement or suppression of facts, separate set of penalties have been introduced as under:

ж The maximum amount of penalty would be 10 percent of service tax liability;

ж No penalty will be imposed if service tax and interest is paid within 30 days of service of Show Cause Notice;

ж A reduced penalty of 25 percent of the penalty imposed by the officer if the assesse pays the service tax along with interest and reduced penalty is paid within thirty days of issuance of Order;

ж If the service tax amount gets modified in the appellate proceedings then the penalty shall accordingly be modified. This benefit of reduced penalty will be available if the service tax, interest and reduced penalty is paid within thirty days of such appellate order.

¤ Power to waive penalty removed. This is a major change wherein the power to waive penalty has been taken away in genuine cases wherein there was reasonable cause for default on the part of the tax payer. The removal of the discretionary power can lead to undue financial hardship to a bonafide taxpayer.

Regulatory and Compliance facilitation

¤ Service tax registration will be granted within 2 days of filing of an online application for single premises. Further, the requirement of filing physical documents has been done away w.e.f March 1, 2015.

¤ A new rule has been inserted w.e.f March 1, 2015 that gives an option to authenticate, by means of digital signature, any invoice, bill or challan or consignment note. Further, an option has been provided to preserve the records in an electronic form and every page of the record so preserved would be authenticated by digital signature. The Board shall notify the procedure to be followed by a person issuing digitally signed invoices and preserving digitally signed records.

This position already exists legally because of certain provisions under the Information Technology Act and therefore, this provision is a clarification rather than a new provision.

¤ The facility of Advance Rulings is being extended to all resident firms by specifying such firms under section 96A (b)(iii) of the Finance Act, 1994.

CENTRAL EXCISE

Rate of Duty

Central Excise Duty increased to 12.5% from the present 12.36%. w.e.f. March 1, 2015

Changes in Central Excise Tariff

Following changes are brought in the Excise Tariff Act w.e.f March 1, 2015.

¤ Cement - from INR 900 per tonne to INR 1,000 per tonne.

¤ Water, including mineral water and aerated water– from 12% to 18%.

¤ Cut tobacco – from INR 60 per kg to INR 70 per kg.

¤ Petrol and HSD – Reduction in effective central excise duty rate and increase in Additional Duty of Excise (road cess) on petrol and HSD. Aggregate excise duty remains the same.

Other changes in ad valorem rates in Excise duty are as below:

Items	Existing rates (%)	New rates (%)	Increase/ Decrease (%)
Condensed milk put in unit containers and peanut butter	NIL	2 (without CENVAT credit) 6 (with CENVAT credit)	2
Specified sacks and bags of polymers and ethylene	12	15	3
Wafers used in manufacture of IC modules for smart cards	12	6	6
All inputs for use in manufacture of LED driver and MCPCB for LED lights and Fixtures & LED Lamps	12	6	6
All goods manufactured and cleared in packaged form from mini cement plant	6% + 120PMT	6% + 125 PMT	5 PMT
All goods manufactured and cleared in packaged form from other than mini cement plant	12% + 120PMT	12.5% + 125PMT	0.5% + 5 PMT
Mobile handsets including cellular phone (when CENVAT credit claimed)	6	12.5	(6.5)
Tablet computer	12	2 (without CENVAT credit) 12.5 (with CENVAT credit)	(10) / NIL
Parts, components and accessories for use in manufacture of tablet computer and its sub-parts	Varied rates	NIL	Complete
Specified rates for pacemakers	Varied rates	NIL	Complete
Chassis for ambulance	24	12.5	(11.5)
Leather footwear of MRP exceeding INR 1,000	12	6	(6)
Pig iron SG grade and ferro silicon magnesium for manufacture of wind operated generators	12	NIL	(12)

Further, following changes have been made in abatement rates for goods taxable under MRP provisions under section 4A

Items	Existing Abatement (%)	Revised Abatement (%)	Increase/ Decrease (%)
Condensed milk (Heading 0402 91 10 and 0402 99 20)	NA. Taxable on ad valorem basis	30%	Change in valuation method
Extracts of tea including iced tea (Heading 2101 20)	NA. Taxable on ad valorem basis	30%	Change in valuation method
All Waters (other than mineral waters and aerated waters) (All goods falling under heading 2202)	45% / 40%	35%	(10%) / (5%)
LED lights or fixtures including LED lamps	NA. Taxable on ad valorem basis	35%	Change in valuation method
Footwear	35%	25%	(10%)

Changes in penal provisions of the Central Excise Act

Following changes are proposed in the Central Excise Act, 1944 and will be effective from the date of **enactment of the Finance Bill, 2015.**

Provision relating to recovery of duties:

¤ Remove from the statute provisions relating to the category of cases where fraud, collusion, willful mis-statement, etc. is involved but the transaction is recorded in the specified record so as to bring uniformity in treatment of all such cases irrespective of whether the transaction is so recorded or not;

¤ Relevant date for invoking extended period of limitation where return has been filed would be the date when the return has been filed and not the due date of filing return;

¤ Relevant date for invoking extended period of limitation where only interest is recoverable, has been prescribed to be date of payment of duty to which such interest relates;

¤ The provision related to recovery of duty is proposed to be made inapplicable where duty amount in dispute is shown as payable in the periodic returns filed by the assessee. The manner in which recovery of disputed duty would be made in such cases will be prescribed.

Penalty provisions pertaining to cases not involving fraud, collusion, etc. introduced as under:

¤ Maximum penalty not exceeding 10% of the duty determined or INR 5,000 whichever is higher would be payable;

¤ Penalty would not be payable where duty and interest are paid before issuance of show cause notice or within 30 days of issuance of show cause notice;

¤ Reduced penalty at 25% imposed, provided demanded duty, interest and reduced penalty are paid within 30 days of communication of order;

¤ If on appeal, duty amount gets increased, benefit of reduced penalty (25% of penalty imposed) would be available provided duty, interest and reduced penalty are paid within 30 days of communication of appellate order;

¤ Proceedings in pending show cause notices can be closed on payment of duty and interest within 30 days of the Finance Bill 2015 receiving the assent of the President;

¤ Proceedings in pending show cause notices which are adjudicated after the Finance Bill 2015 receives the assent of the President can be closed on payment of duty, interest and 25% of the penalty imposed within 30 days of communication of adjudication order.

Penalty provisions pertaining to cases involving fraud, collusion, etc. proposed to be amended as under:

¤ Maximum penalty equal to duty determined would be imposed;

¤ Reduced penalty @ 15% of the duty demanded, provided that the duty, interest and penalty are paid within 30 days of communication of notice;

¤ Reduced penalty @ 25% of the duty determined, provided duty, interest and reduced penalty are paid within 30 days of communication of order;

¤ If on appeal, duty amount gets increased, then benefit of reduced penalty (25% of duty imposed) available provided duty, interest and reduced penalty are paid within 30 days of communication of appellate order;

¤ If the duty amount gets modified in any appellate proceeding, then the penalty amount would also get modified accordingly;

¤ Proceedings in presently pending show cause notices can be closed on payment of duty, interest and penalty @ 15% of the duty within 30 days of the Finance Bill 2015 receiving assent of the President;

¤ Proceedings in presently pending show cause notices which are

adjudicated after the Finance Bill 2015 receives assent of the President can be closed on payment of duty, interest and reduced penalty @ 25% of the duty within 30 days of communication of the adjudication order.

Cases where no show cause notice has been issued prior to the date on which Finance Bill, 2015 receives the assent of the President, shall be governed by the new penal provisions as elucidated above.

Where any proceeding in appeal or revision or otherwise before any Court, Appellate Tribunal Authority or any other authority is referred back to the adjudicating authority for a fresh adjudication or decision, there would be no option of settlement. Prior to this amendment, non-availability of settlement option was restricted to those proceedings which were so referred back in appeal or revision only.

Amendments in the Central Excise Rules, 2002

The following changes will be effective from March 1, 2015.

- Following provisions of Central Excise Rules, 2002 shall apply mutatis mutandis to registered importer:
  - Imposition of restrictions in case of evasion of duty, default in payment of duty, irregular availment of CENVAT credit, etc.
  - Access to registered premises of importer by Central Excise officer for scrutiny and verification of records.
  - Confiscation and penal provisions for contravention of any provisions of Central Excise Rules, 2002.
- Manufacturer is allowed to issue digitally signed invoices and preserve records in electronic form.
- Penalty of INR 100 per day subject to maximum of INR 20, 000 is payable for delay in filing of return including Annual Financial Information Statement, Annual Installed Capacity Statement and other returns by Manufacturer or 100% EOU
- Registration process under Central Excise is being simplified to ensure that registration is granted within two working days of the receipt of the duly completed online application form. Verification of documents and premises, as applicable, would be carried out subsequent to grant of the registration.

Amendments in the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001

The following change will be effective from March 1, 2015.

- Benefit of concessional rate of duty on inputs can now be availed on the basis of letter of undertaking instead of execution of bond with surety or security, in case where no show cause notice had been issued to the manufacturer.

CENVAT CREDIT RULES 2004

The following changes are effective from March 1, 2015

- Time limit for availment of CENVAT credit on inputs and input services increased from 6 months to 1 year from the date of issuance of invoice, bill or challan.
- Exempted goods' to include 'non-excisable goods' removed from the factory for a price, which means that the proportionate CENVAT credit pertaining to inputs or input services used in or in relation to the manufacture of non-excisable goods is not allowed.
- Inputs and capital goods allowed to be sent directly to job worker's premises at the direction of manufacturer or service provider
- Capital goods can remain with job worker for a period of 2 years (instead of 6 months allowed earlier) without requiring the reversal of CENVAT credit availed by the manufacturer.
- Provisions related to recovery of CENVAT credit wrongly taken or erroneously refunded have been elaborated. Though the CENVAT credit which has been wrongly taken and utilized would still be recovered with interest, the manner of determining utilization of credit has been prescribed (based on first-in, first-out FIFO method) as follows:
  - First from opening balance
  - Then from admissible credit availed during the month
  - Lastly from inadmissible credit availed during the month

The following changes are effective from the date of enactment of Finance Bill, 2015.

- Penalties for contravention of CENVAT provisions have been amended to align with the corresponding penalties applicable under the Service tax or the central excise regulations, as the case may be.

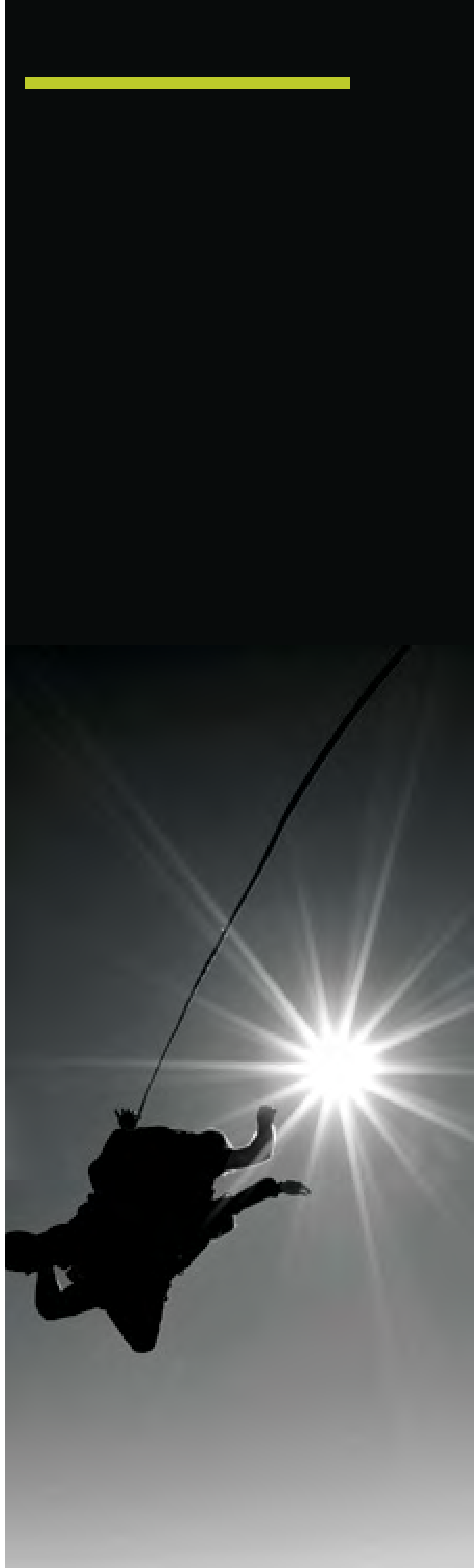
The following changes are effective from April 1, 2015

- Credit of service tax paid by the recipient of service under partial reverse charge can be taken immediately on payment of tax; there is no need to wait for the payment of full value of service. This change brings consistency in provisions applicable to full or partial reverse charge cases.

CUSTOMS

Changes in rates of Customs Duty

Following are the changes in rates if custom duties **w.e.f March 1, 2015.**
BCD has been reduced on the following goods.



Items	Existing Abatement (%)	Revised Abatement (%)	Increase/ Decrease (%)
Butanes	5	2.5	(2.5)
Sulphuric acid for manufacture of fertilizers	7.5	5	(2.5)
Isoprene	5	2.5	(2.5)
Styrene, Ethylene dichloride (EDC) and Vinyl chloride monomer (VCM)	2.5	2	(0.5)
Anthraquinone	7.5	2.5	(5)
Butyl acrylate	7.5	5	(2.5)
Over Load Protector (OLP), positive thermal coefficient, c-block compressor and crankshafts for manufacture of refrigerator compressor	7.5	5	(2.5)
Evacuated tubes with three layers of solar selective coating for use in the manufacture of solar water heater and system	7.5	NIL	(7.5)
Sub-parts, parts, components or accessories for manufacture of tablet computer	7.5	NIL	(7.5)
Active Energy Controller (AEC) for manufacture of Renewable Power System (RPS) inverters	7.5	5	(2.5)
Digital Still Image Video Cameras with minimum resolution of 800 x 600 pixels, at minimum 23 frames/ second, for at least 30 minutes in a single sequence, using the maximum storage (including the expanded) capacity/ Parts and components of above	10/5	NIL	(10)/(5)
Organic LED TV panels	10	NIL	(10)
Black Light Unit module for manufacture of LCD and LED TV panels	10	NIL	(10)
Magnetron (up to 1 KW)for manufacture of domestic microwave ovens	5	NIL	(5)
Specified goods for use in manufacture of Flexible Medical Video Endoscope	7.5	2.5	(5)
Artificial Heart (left ventricular assist device)	5	NIL	(5)
Specified goods for manufacture of pacemakers	10/7.5	NIL	(10)/(7.5)

Further, SAD has also been reduced on the following goods.

Items	Existing Abatement (%)	Revised Abatement (%)	Increase/ Decrease (%)
All goods [except populated PCBs] for manufacture of ITA bound goods	4	NIL	(4)
Specified goods for manufacture of pacemakers	4	NIL	(4)
All inputs for manufacture of LED driver or MCPCB for LED lights and fixtures or LED lamps	4	NIL	(4)
Naphtha, Styrene, Ethylene dichloride, Vinyl chloride monomer	4	2	(2)
Melting scrap of iron or steel, Stainless steel scrap, for the purpose of melting	4	2	(2)
Copper, brass and aluminum scrap	4	2	(2)

However, BCD has been increased on the following goods

Items	Existing Abatement (%)	Revised Abatement (%)	Increase/ Decrease (%)
Commercial motor vehicles (other than those imported in CKD form or electrically operated motor vehicle)	10	20	10
Metallurgical coke	2.5	5	2.5

- Concessional BCD rate benefit on import of specified goods for use in manufacture of electrically operated and hybrid motor vehicle extended till April 1, 2016
- Export Duty on upgraded Ilmenite reduced from 5% to 2.5%
- Increase in Additional Duty of Customs (Road Cess) on imported HSD and Motor Spirits (Petrol) from INR 2 per litre to INR 6 per litre.

Changes in Customs Act, 1962

The following changes will be effective from the date of enactment of the Finance Bill, 2015.

Penalty provisions pertaining to cases not involving fraud, collusion, etc. is proposed to be amended as under:

- Penalty would not be payable where duty and interest are paid before issuance of show cause notice or within 30 days of issuance of show cause notice;

Penalty provisions pertaining to cases involving fraud, collusion, etc. proposed to be amended as under:

- Reduced penalty @ 15% in place of present 25% of the duty demanded shall be leviable, provided that the duty, interest and penalty are paid within 30 days of communication of notice;
- In cases where notice for recovery of duties and interest is served and the order determining duty has not been passed before the date of enactment of the Finance Bill, 2015, proceedings will be deemed to be concluded if the amount of duty along with interest and penalty is paid within thirty days from date of enactment of the Bill
- Penalty in respect of improper importation or exportation of goods liable for confiscation will be as under:
  - 10% of duty involved or INR 5,000, whichever is higher
  - Penalty to be restricted to 25% of duty so determined, if the duty along with interest is paid within thirty days of communication of order
- Provisions relating to Settlement Commission not applicable to any proceeding referred back to adjudicating authority by any court, Appellate Tribunal or any other authority for fresh adjudication

SECTOR WISE IMPACT

AGRICULTURE

- Major steps take to address the two major factors critical to agricultural production, that of soil and water.
- PKVY to be fully supported and PGSY to provide 'Per Drop More Crop'.
- INR 53 billion to support micro-irrigation, watershed development and the PMKSY. States urged to chip in.
- INR 250 billion in 2015-16 to the corpus of RIDF set up in NABARD; INR 150 billion for Long Term Rural Credit Fund; INR 450 billion for Short Term Co-operative Rural Credit Refinance Fund; and INR 150 billion for Short Term RRB Refinance Fund
- Target of INR 8500 billion of agricultural credit during the year 2015-16.
- Focus on improving the quality and effectiveness of activities under MGNREGA
- Need to create a National Agriculture Market for the benefit farmers, which will also have the incidental, benefit of moderating price rises. Government to work with the States, in NITI, for the creation of a Unified National Agriculture Market.

INFRASTRUCTURE

- Sharp increase in outlays of roads and railways. Capital expenditure of public sector units to also go up.
- NIIF to be established with an annual flow of INR 20 billion to it.
- Tax free infrastructure bonds for the projects in the rail, road and irrigation sectors
- PPP mode of infrastructure development to be revisited and revitalized.
- AIM to be established in NITI to provide Innovation Promotion Platform involving academicians, and drawing upon national and international experiences to foster a culture of innovation, research and development. A sum of INR 1.5 billion will be earmarked.
- Concerns of IT industries for a more liberal system of raising global capital, incubation facilities in our Centres of Excellence, funding for seed capital and growth, and ease of Doing Business etc. would be addressed for creating hundreds of billion dollars in value.
- SETU to be established as Techno-financial, incubation and facilitation programme to support all aspects of start-up business. INR 10 billion to be set aside as initial amount in NITI.
- Ports in public sector will be encouraged, to corporatize, and become companies under the Companies Act to attract investment and leverage the huge land resources.
- An expert committee to examine the possibility and prepare a draft legislation where the need for multiple prior permission can be replaced by a pre-existing regulatory mechanism. This will facilitate India becoming an investment destination
- 5 new Ultra Mega Power Projects, each of 4000 MW, in the Plug-and-Play mode

FINANCIAL MARKETS

- PDMA bringing both external and domestic borrowings under one roof to be set up this year.
- Enabling legislation, amending the Government Securities Act and the RBI Act included in the Finance Bill, 2015.
- Forward Markets commission to be merged with SEBI.
- Section-6 of FEMA to be amended through Finance Bill to provide control on capital flows as equity will be exercised by Government in consultation with RBI.
- Proposal to create a Task Force to establish sector-neutral financial redressal agency that will address grievance against all financial service providers.

¤ India Financial Code to be introduced soon in Parliament for consideration.

¤ Vision of putting in place a direct tax regime, which is internationally competitive on rates, without exemptions.

¤ Government to bring enabling legislation to allow employee to opt for EPF or New Pension Scheme. For employee's below a certain threshold of monthly income, contribution to EPF to be option, without affecting employees' contribution

¤ Gold monetization scheme to allow the depositors of gold to earn interest in their metal accounts and the jewelers to obtain loans in their metal account to be introduced.

¤ Sovereign Gold Bond, as an alternative to purchasing metal gold scheme to be developed

¤ Commence work on developing an Indian gold coin, which will carry the Ashok Chakra on its face.

FOREIGN INVESTMENT

¤ Foreign investments in Alternate Investment Funds to be allowed.

¤ Distinction between different types of foreign investments, especially between foreign portfolio investments and foreign direct investments to be done away with. Replacement with composite caps.

¤ A project development company to facilitate setting up manufacturing hubs in CMLV countries, namely, Cambodia, Myanmar, Laos and Vietnam.

TOURISM

¤ Resources to be provided to start work along landscape restoration, signage and interpretation centres, parking, access for the differently abled , visitors' amenities, including securities and toilets, illumination and plans for benefiting communities around them at various heritage sites

¤ Visas on arrival to be increased to 150 countries in stages.

BANKING

¤ MUDRA Bank, with a corpus of INR 20 billion, and credit guarantee corpus of INR 30 billion to be created.

¤ In lending, priority will be given to SC/ST enterprises.

¤ MUDRA Bank will be responsible for refinancing all Micro-finance Institutions which are in the business of lending to such small entities of business through a PMMY.

¤ TReDS which will be an electronic platform for facilitating financing of trade receivables of MSMEs to be established.

¤ Comprehensive Bankruptcy Code of global standards to be brought in fiscal 2015-16 towards ease of doing business.

¤ Postal network with 154,000 points of presence spread across villages to be used for increasing access of the people to the formal financial system.

¤ NBFCs registered with RBI and having asset size of INR 5 billion and above may be considered for notifications as 'Financial Institution' in terms of the SARFAESI Act, 2002.

EDUCATION

¤ A national skill mission to consolidate skill initiatives to spread across several ministries to be launched

¤ A student Financial Aid Authority to administer and monitor the front-end all scholarship as well as Educational Loan Schemes through the PMVLK

¤ AIIMS in Jammu and Kashmir, Punjab, Tamil Nadu, Himachal Pradesh, Bihar and Assam.

¤ IIT in Karnataka; Indian Institute of Mines in Dhanbad to be upgraded to IIT.

¤ PG institute of Horticulture in Amritsar.

¤ Kerala to have University of Disability Studies

¤ Centre of film production, animation and gaming to come up in Arunachal Pradesh.

¤ IIM for Jammu and Kashmir and Andhra Pradesh.

GLOSSARY

AAR	Authority for Advance Ruling
AIF	Alternative Investment Funds
AIIMS	All India Institute of Medical Sciences
AIM	Atal Innovation Mission
AMT	Alternate Minimum Tax
AO	Assessing Officer
AOP	Association of Persons
APA	Advance Pricing Agreement
BCD	Basic Custom Duty
BCD	Basic Custom Duty
BE	Business Establishment
BOD	Board of Directors
BOI	Body of Individuals
BPL	Below Poverty Line
BSE	Bombay Stock Exchange
CBDT	Central Board of Direct Taxes
CEA	Central Excise Duty
CENVAT	Central Value Added Tax,1944
CER	Central Excise Rules,1944
CETA	Central Excise Tariff Act
CFS	Container Freight Station
CIF	Cost Insurance Freight
CIT	Commissioner of Income Tax
CPSE	Central Public Sector Enterprises
CSI	Continental Shelf of India
CST	Central Sales Tax
CVD	Counter Vailing Duty
DAVP	Directorate of Advertising and Visual Publicity
DDT	Dividend Distribution Tax
DEPB	Duty Entitlement Pass Book
DGCA	Directorate General of Civil Aviation
DIN	Document Identification Number
DISCOM	Distribution Company (India)
DOT	Department of Telecommunications
DRI	Differential Rate of Interest
DRP	Dispute Resolution Panel
DTA	Domestic Tariff Area
DTAA	Double Tax Avoidance Agreement
DTC	Direct Tax Code
DTH	Direct to Home
ECB	External Commercial Borrowings
ECGC	Export Credit and Guarantee Corporation
EEFC	Exchange Earners' Foreign Currency
EEZ	Exclusive Economic Zones
EHTP	Electronic Hardware Technology Park
EOU	Export Oriented Unit
EPCG	Export Promotion Capital Goods Scheme
EPFS	Employee's Provident Fund Scheme
ESOP	Employee Stock Option Plan
FBT	Fringe Benefit Tax
FCCB	Foreign Currency Convertible Bonds
FCEB	Foreign Currency Exchangeable Bonds
FCI	Food Corporation of India
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act
FIF	Financial Inclusion Fund
FII	Foreign Institutional Investor
FIPB	Foreign Investment Promotion Board
FMV	Fair Market Value
FOB	Free on Board
FTP	Foreign Trade Policy
GAAR	General Anti Avoidance Rules
GCF	Gross Capital Formation
GDP	Gross Domestic Product
GDR	Global Depository Receipt
GST	Goods & Services Tax
GTA	Goods Transport Agency
HSD	High Speed Diesel
HUF	Hindu Undivided Family
ICD	Inland Container Depot
ICDS	Integrated Child Development Services
ICT	Information & Communication Technology
IDR	Indian Depository Receipts
IEO	Independent Evaluation Officer
IIFCL	India Infrastructure Finance Company Limited
IIM	Indian Institute of Management
IIT	Indian Institute of Technology
IIT	Indian Institute of Technology
INR	Indian National Rupee
IPO	Initial Public Offer
IPTV	Internet Protocol Television
IRDA	Insurance Regulatory and Development Authority
IT	Information Technology
ITAT	Income Tax Appellate Tribunal
JV/ WOS	Joint Venture/Wholly Owned Subsidiary
KCC	Kisan Credit Card
LCD	Liquid Crystal Display
LLP	Limited Liability Partnership
LPG	Liquified Petroleum Gas
MAT	Minimum Alternate Tax
MCA	Ministery of Corporate affaires
MGNREGA	Mahatma Gandhi National Rural Employment Gaurantee Act
MRP	Maximum Retail Price
MS	Motor Spirit
MSE	Micro and Small Enterprises
MSME	Micro Small and Medium Enterprises
MUDRA	Micro Units Development Refinance Agency
NABARD	National Bank for Agriculture and Rural Development
NACP	National Aids Control Programme
NAIS	National Agriculture Insurance Scheme
NBFC	Non Banking Financial Company
NCCD	National Calamity Contingent Duty
NCD	Non-convertible Debentures
NCEF	National Clean Energy Fund
NELP	New Exploration Licensing policy
NER	Northern Eastern Region
NHAI	National Highways Authority of India
NHB	National Housing Bank
NHDP	National Highway Development Programme
NIIF	National Investment and Infrastructure Fund
NITI	National Institute for Transforming India
NPS	New Pension System
NREGS	National Rural Employment Guarantee Scheme
NRHM	National Rural Health Mission
NRI	Non-Resident Indian
NSAP	National Social Assistance Programme
NSE	National Stock Exchange
ONGC	Oil and Natural Gas Corporation
OTS	One Time Settlement
PAN	Permanent Account Number
PDMA	Public Debt Management Agency
PGSY	Pradhanmantri Gram Sinchai Yojana
PKVY	Paramparagat Krishi Vikas Yojana
PMKSY	Pradhan Mantri Krishi Sinchai Yojana
PMMY	Pradhan Mantri Mudra Yojana
PMVLK	Pradhan Mantri Vidya Lakshmi Karyakram
POS	Point of Sales
PPA	Power Purchase Agreement
PPP	Purchasing Power Parity
PPP	Public Private Partnership
PSU	Public Sector Undertaking
QFI	Qualified Foreign Investors
QIB	Qualified Institutional Buyer
QIP	Qualified institutional placement
R & D	Research & Development
RBI	Reserve Bank of India
RHF	Rural Housing Fund
RIDF	Rural Infrastructure Development Fund
RIDF	Rural Infrastructure Development Fund
RRB	Regional Rural Bank
RSP	Retail Sale Price
RTE	Right to Education
SAD	Specific Advaloram Duty
SC/ST	Scheduled Cast/Scheduled Tribe
SEBI	Securities & Exchange Board of India
SETU	Self-Employment and Talent Utilization
SEZ	Special Economic Zones
SFC	State Finance Corporations
SHB	State Housing Bank
SHG	Self Help Groups
SIDBI	Small Industries and Development Bank of India
SITP	Software Information Technology Park
SLBC	State Level Bankers Committee
SSA	Sarva Shiksha Abhiyan
SSI	Small Scale Industry
STT	Securities Transaction Tax
TAN	Tax Collection/ Deduction Account number
TCS	Tax Collected at Source
TDS	Tax Deducted at Source
TP	Tansfer Pricing
TReDS	Trade Receivables Discounting System
UID	Unique Identification
UIDAI	Unique Identification Authority of India
ULIP	Unit Linked Insurance Plan
USD	US Dollar
VAT	Value Added Tax
VCC	Venture Capital Company
VCF	Venture Capital Funds
VCU	Venture Capital Undertaking
VRS	Voluntary Retirement Scheme
WPI	Wholesale Price Index
WTO	World Trade Organization

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