



Ministry of Finance

GST processes further simplified; businesses with less than Rs. 5 crore annual turnover to file quarterly GST returns; threshold for goods supplier to be enhanced from Rs. 20 lakhs to Rs. 40 lakhs

Sabka Vishwas Legacy Dispute Resolution Scheme to resolve litigations involving more than Rs. 3.75 Lakh Crore of pre-GST regime

Customs duty exemption for defence equipment not being manufactured in India; hike in Customs duty on certain items to promote Make in India

Increase of one Rupee per litre each in Excise duty & cess on Petrol & Diesel; custom duty on Gold and other precious metals hiked from 10% to 12.5%; nominal basic excise duty on tobacco products and crude introduced

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Further simplification of the GST processes, increasing Special Additional Excise duty and Road and Infrastructure Cess on petrol and diesel by one rupee each, hike in Customs Duty on Gold and precious metals to 12.5% and imposing nominal basic excise duty on tobacco products and crude are among the salient proposals pertaining to the Indirect Taxes in the Union Budget 2019-20. It also provides for exempting import of certain Defence Equipments from basic customs duty, reducing customs duty on certain raw materials and capital goods, and rationalization of export duty on raw and semi-finished leather.

GST

Presenting the Budget in Parliament today, the Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman announced that GST processes are being further simplified. The threshold exemption limit for a supplier of goods is proposed to be enhanced from Rs. 20 lakhs to an amount exceeding Rs. 40 lakhs.

“Tax payers having annual turnover of less than Rs. 5 Crore shall file quarterly return. Free accounting software for Return preparation has been made available to small businesses. A fully automated GST refund module shall be implemented. Multiple tax ledgers for a tax payer shall be replaced by one”, she said.

The Budget proposes to move to an electronic invoice system wherein invoice details will be captured in a central system at the time of issuance. “This will eventually be used to prefill the taxpayers’ returns. There will be no need for a separate e-way bill. To be rolled out from January 2020, the electronic invoice system will significantly reduce the compliance burden”, said Smt. Sitharaman.

The Finance Minister said that the landscape of Indirect Tax has changed significantly with the implementation of GST. Terming it as a “monumental reform”, Smt. Sitharaman said the GST regime has brought together the Centre and the States with the result 17 taxes and 13 cesses became one and multitude of rates instantly became four. “Almost all commodities saw rate reduction. Tens of returns were replaced by one. Taxpayers’ interface with tax departments got reduced. Border checks got eliminated. Goods started moving freely across states, which saved time and energy. The dream of ‘One Nation, One Tax, One Market’ was realized,” she said.

Complimenting the GST Council, the Finance Minister said the Council, Centre and States proactively worked to resolve the teething problems witnessed during the initial phase of GST. Smt. Sitharaman said that GST rates have been reduced significantly where relief of about Rs. 92,000 crores per year has been given.

Sabka Vishwas Legacy Dispute Resolution Scheme

On the issue of huge pending litigations from pre-GST regime, the Minister said that there is a need to unload the baggage and allow business to move on, as more than Rs. 3.75 Lakh Crore is blocked in litigations in Service Tax and Excise. The budget proposes a dispute resolution-cum-amnesty scheme, called “the Sabka Vishwas Legacy Dispute Resolution Scheme, 2019” that will allow quick closure of these litigations. The relief under the scheme varies from 40 percent to 70 percent of the tax dues for cases other than voluntary disclosure cases, depending on the amount of tax dues involved. The scheme also provides relief from payment of interest and penalty. The person discharged under the scheme shall also not be liable for prosecution.

Customs duty

On the Customs duty, the Finance Minister said the proposals are driven with the objectives of securing the country’s borders, achieving higher domestic value addition through Make in India, reducing import dependence, protection to MSME sector, promoting clean energy, curbing non-essential imports, and correcting inversions. Describing Defence Modernization and Upgradation as a national priority and of immediate requirement, the budget proposes exemption from the basic Customs duty on import of such defence equipment that are not being manufactured in India.

Make in India

Describing Make in India as a cherished goal, the Finance Minister proposed increase in basic Custom duty on certain items so as to provide domestic industry a level playing field. These items include PVC, cashew kernels, Vinyl flooring, tiles, metal fittings, mountings for furniture, auto parts, certain kinds of synthetic rubbers, marble slabs, optical fibre cable, CCTV camera, IP camera, digital and network video recorders. She also proposed to withdraw exemption from custom duty on certain electronic items which are now being manufactured in India. To encourage domestic publishing and printing industry, 5% custom duty will be imposed on imported books.

To further promote domestic manufacturing, the budget proposes customs duty reductions on certain raw materials and capital goods. These include certain inputs of CRGO sheets, amorphous alloy ribbon, ethylene di-chloride, propylene oxide, cobalt matte, naphtha, wool fibres, inputs for manufacture of artificial kidney and disposable sterilised dialyser, and fuels for nuclear power plants. The Finance Minister announced exemption on certain parts of electric vehicles to further incentivize e-mobility.

Duty & Cess on Petrol & Diesel

The Budget proposes to increase Special Additional Excise duty and Road and Infrastructure cess each by one rupee a litre on petrol and diesel. “Crude prices have softened from their highs. This gives me a room to review excise duty and cess on petrol,” the Finance Minister said.

Smt. Sitharaman also announced increase in custom duty on gold and other precious metals from 10% to 12.5%.

The Budget also proposes rationalization of export duty on raw and semi-finished leather to provide relief to the sector.

Duty on Tobacco products & Crude

Smt. Sitharaman said that tobacco products and crude attract National Calamity and Contingent duty which in certain cases is being contested on the ground that there is no basic excise duty on these items. To address this issue, the Budget proposes to impose a nominal basic excise duty on tobacco products and crude.

The Finance Minister proposed a few amendments to the Customs Act. She said, “Recent trends reveal that certain bogus entities are resorting to unfair practices to avail undue concessions and export incentives.” She announced that misuse of duty free scrips and drawback facility involving more than 50 Lakh rupees will be a cognizable and non-bailable offence.

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