

Interim Budget 2014 – amendments relating to indirect taxes

The Finance Minister of India (FM) has presented the interim Budget 2014 on 17 February, 2014. While presenting the Budget, the FM has announced the following amendments under the indirect taxes:

Central Excise:

- The rate of excise duty has been reduced on the following goods:

Description of Products	Existing Rate	New Rate
All goods falling under Chapter 84 and 85 (Capital goods and consumer non-durable goods)	12%	10%
Small Cars, two and three wheelers	12%	8%
SUVs	30%	24%
Large and mid-segment Cars	27%/24%	24%/20%

- All categories of mobile handset would attract 6% and 1% excise duty with CENVAT and without CENVAT credit respectively; all imported mobile handsets shall attract 6% CVD

(Notification No. 4/2014-Central excise, dated 17 February, 2014)

Customs:

- CVD exemption to road construction machinery has been withdrawn, would henceforth attract CVD and SAD
- Human embryo has been exempted from customs duty

(Notification No. 5/2014-Customs, dated 17 February, 2014)

Service tax:

Exemption from service tax has been granted to the following two services:

- Loading, unloading, packing, storage and warehousing of rice
- Services provided by Cord blood banks

(Notification No. 4/2014-Service tax, dated 17 February, 2014)

All the above changes are applicable from 17 February, 2014.

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