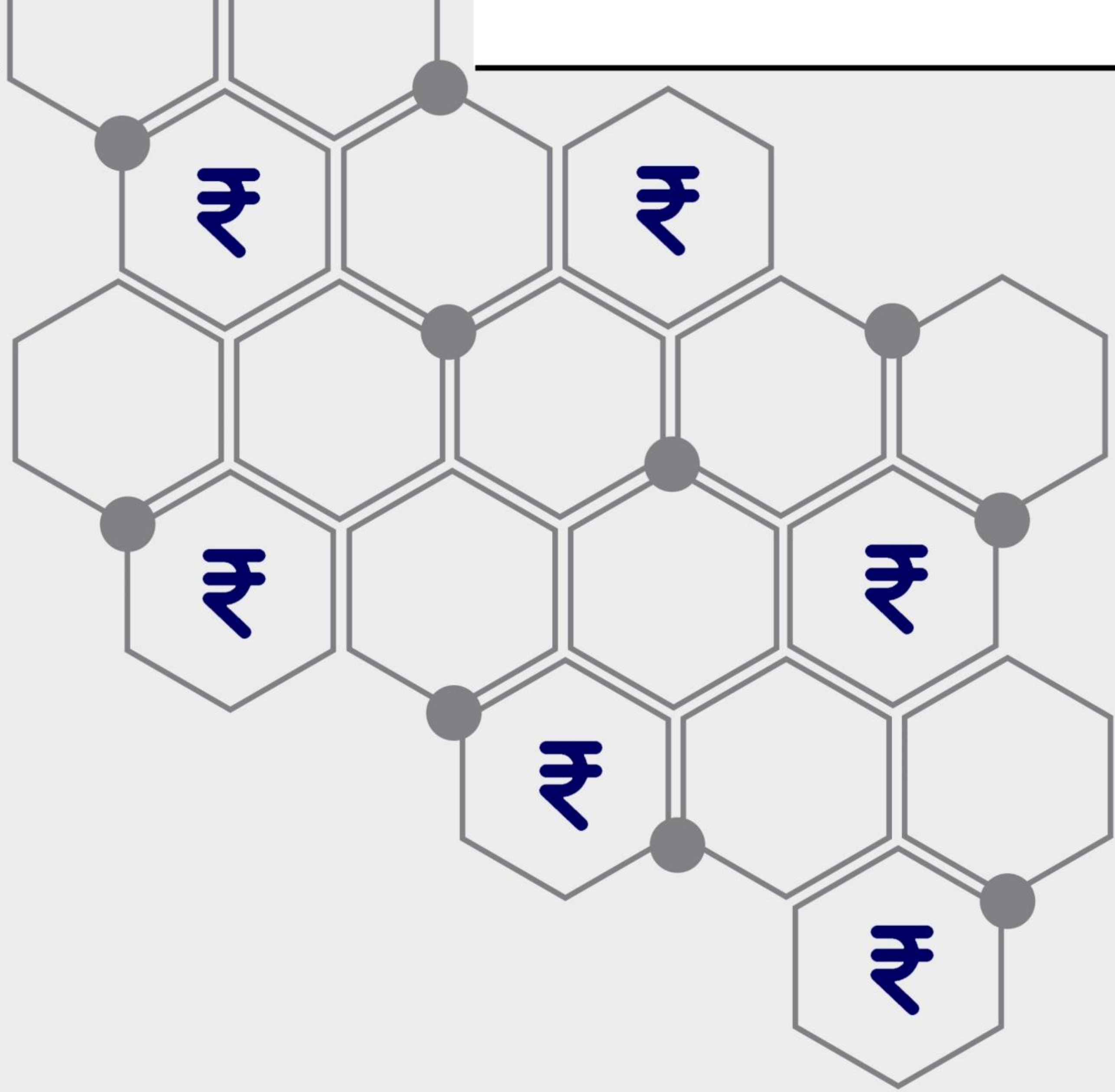

INDIA UNION BUDGET 2020

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THE UNION BUDGET 2020

- The Union Budget 2020, which was presented by Finance Minister, Ms. Nirmala Sitharaman, was definitely comprehensive, inclusive, pervasive, and a hearty vision for the future.

- The Budget had mixed expectations - especially for growth stimulation, generating organic employment, offering tailwinds to the SME sector, enhancing consumption levels, pulling in more foreign exchange and giving incentive to social health and wellness.

- The Budget has been announced at a time when the world was observing heated debates to reach an agreement whether India’s deteriorating growth rate was going to stay or is only a temporary deviation from its well-known growth trajectory.

THE UNION BUDGET 2020

Though the Budget touches various structural reforms and infuses an impetus in Indian economy, the underlying calculations should be supportive enough. India's economy stands at **US$2.9 Trillion** and it is the **fifth largest** in the world as of now.

US, Japan, China, and Germany rank as the largest four economies. This Budget is in tandem with the Government's vision towards financial inclusion, affordable housing, digital penetration, clean energy, and providing education and healthcare.

The Government has reiterated the might of the fundamentals of the economy and its dedication towards macroeconomic stability, with the declaration of inflation being in its limits.

Various steps have been taken up to smoothen the economy, like justifying the accumulated bad loans of several banks and allowing for a swift liquidation of exits by the way of Insolvency and Bankruptcy Code.

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THE UNION BUDGET 2020

To foster the start-up community, the Government has taken various steps to help the breeding grounds of innovation.

Formation of a digital platform to enable capturing Intellectual Property Rights and developing unique Knowledge Translation Clusters, more relaxation of special provisions in terms of eligible start-ups, combined with streamlining taxation on ESOPs are surely the steps in the right direction.

Various incentives are given to pull in foreign direct investments, like a blanket exemption on interest, dividend, and capital gains that are made by global investors in priority sectors and slashing TDS for foreign interest payments.

This step is likely to produce a larger foreign investment pool out of global sovereign funds especially in the infrastructure sector, which is in search of funds totaling to US$1 Trillion over the coming 4 years.

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THE UNION BUDGET 2020

With the other pronouncements, the agricultural initiatives are much anticipated steps taken for the hugely-agrarian Indian economy - a major initiative being the PM Kusum Scheme, which should most likely empower around 20 lakh (2 Million) farmers to create an alternate income source by setting their own standalone solar pumps on unfertile lands, thereby, decreasing reliance on traditional means of energy.

A wide range of initiatives of agro-oriented schemes across the value chain are likely to aid in bolstering the foundation of the Indian economy by creating extra warehouses, facility of viability gap funding, supporting 'jaivikkheti' (an online national organic products portal) to assisting women and self-help groups to re-claim their status as 'Dhaanya Lakshmi'.

THE UNION BUDGET 2020

In tandem with the government's pledge to leverage the demographic dividend and endow the workforce with the suitable skill sets, a substantial amount of INR 99,300 crore (INR 993 Billion) has been reserved for this important sector – the enablement of all the urban local bodies to employ young engineers to interns so that there could be an amalgamation of a typical government establishment with the ever-innovative and dynamic youth mindset, which is probably going to offer great synergy in the longer run.

Additionally, the announcement of a standardized Ind-SAT examination applicable for foreign admissions into Indian institutions proves that India is evolving as a preferred education destination for various Asian and African students.

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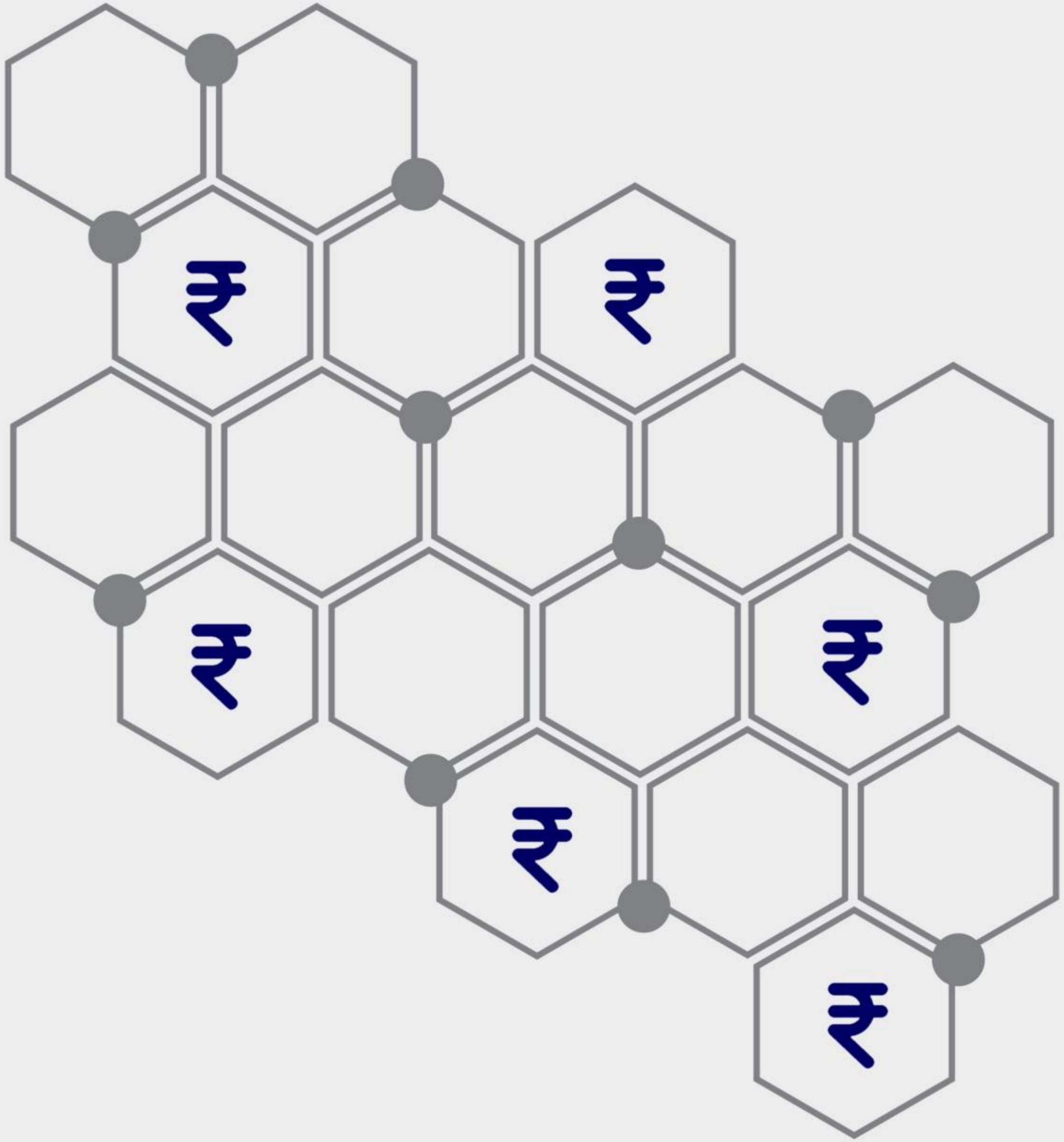


ECONOMIC INDICATORS

ECONOMIC INDICATORS

The Union Budget 2020's theme revolved around "Aspirational India", with "Economic Development" and "Caring Society" as the complementary branches. Considering from an economic viewpoint, there were various measures that were proposed; highlights of some of those are as follows:

Growth, deficit and debt:

- The Economic Survey of 2019-20 presented in Parliament on January 31 showed real economic growth between 6% to 6.5%, which is up from ~5% in FY20. Fiscal deficit was at 3.8% of GDP in FY20 and around 3.5% for FY21.

- The Central Government's debt went down to 48.7% of GDP in the year 2019 from 52.2% in 2018.

- The Government used the 'escape clause' under the Fiscal Responsibility and Budget Management (FRBM) Act which gave it scope for relaxation of fiscal deficit roadmap in stressful times. The 'escape clause' permits the Government to violate its fiscal deficit goal by 0.5 percentage points in exceptional cases when the economy is facing severe stress, including phases of structural amends and times when growth spirals down sharply.

- With various measures pronounced in the Budget, minimal GDP growth rate has been fixed at 10% for FY21.

Agriculture Sector:

- The FM announced that there would be State funding to assist India's agriculture sector with the purpose of boosting economic growth to spring up.
- A 16-Action Point formula was declared especially for the agricultural sector and to enhance farmers' welfare. Wide-ranging measures were planned for almost 100 water-stressed districts.
- The Government would collaborate with the State Governments and boost implementing of modern agriculture laws such as the Land Leasing Act 2016.
- More than 15 lakh (1.5 Million) farmers who have barren lands would be permitted to solarize their farms and approximately 20 lakh (2 Million) farmers will be given stand-alone solar pumps.
- The Budget also froze the target of Agricultural Credit at INR 15 lakh crore (INR 15 trillion).

Infrastructure Sector:

- As there is an urgent requirement for greener sources of energy, a huge solar power capacity was proposed for the Indian Railways.

- The 2020 Budget assigns INR 22,000 crore (INR 220 Billion) especially for the Power and Renewable Energy Sector.

- All the States would substitute all the current energy meters with the new prepaid smart meters.

- Also, the national gas grid would be further expanded from 16,200 km to almost 27,000 km.

- Bharat Net is slated to link 100,000-gram panchayats through their Fibre to Home connectivity. The Budget assigned INR 6,000 crore (INR 60 Billion) particularly for the Bharat Net programme.

- A new policy would be made for constructing data centre parks by the private sector.

- An amount of INR 8,000 crore (INR 80 Billion) will be assigned in the coming five years for "National Mission on Quantum Technology and Applications".

Investment, Disinvestment and Privatization:

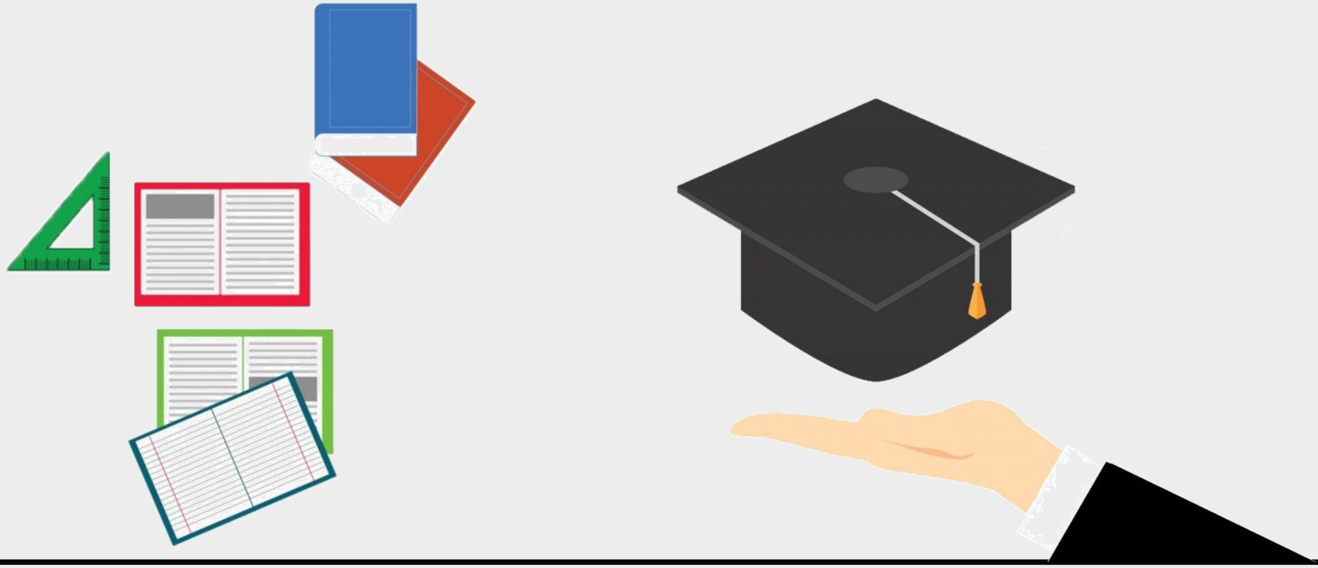
- The feelings for Foreign direct investments (FDI) into the country were bullish earlier and amplified to US$284 Billion during 2014-19 from US$192 Billion in previous five years.

- The Government now has also recommended 100% tax concession to sovereign wealth funds for investing in infrastructure projects.

- In the disinvestment side, the FM has recommended selling the Government's stake in the LIC and launch an IPO soon for the same.

Education Sector:

- The Union Budget 2020 suggested foreign direct investment (FDI) and also External Commercial Borrowings (ECB) in the education sector.
- This came with allocation of budget of INR 99,300 crore (INR 993 Billion) towards education and about INR 3,000 crore (INR 30 Billion) towards skill development.
- All the Urban Local Bodies were asked to offer internship opportunities to freshers and engineering graduates for about one year. The Budget also suggested that about 150 higher education institutions would soon start apprenticeship programs in 2020-21.
- The Budget suggests to establish “National Police University” and “National Forensic Science University”. The Budget also intended to launch plans to assign a Medical College to all the existing district hospitals which are working under the PPP model.



Economic Development:

- Towards the goal of economic development, the Government has suggested the creation of an online portal so as to set up an "Investment Clearance Cell" to provide services like free investment advisory, land banks, etc.

- New schemes recommended in electronics manufacturing are anticipated to induce investments.

- Announcement of the National Technical Textiles Mission was advised to fortify the textile industry.

- The Finance Minister also voiced her wish to transform each district into an export hub and launched the "NIRVIK" scheme to enable levying of lesser duties and taxes particularly on the exported products.

- The Budget 2020 assigns INR 27,300 crore (INR 273 Billion) towards development of industry and commerce in this year.

- To be able to provide further push to trade, the Government has also suggested setting up a National Logistics Policy and start building the Chennai-Bengaluru Expressway.

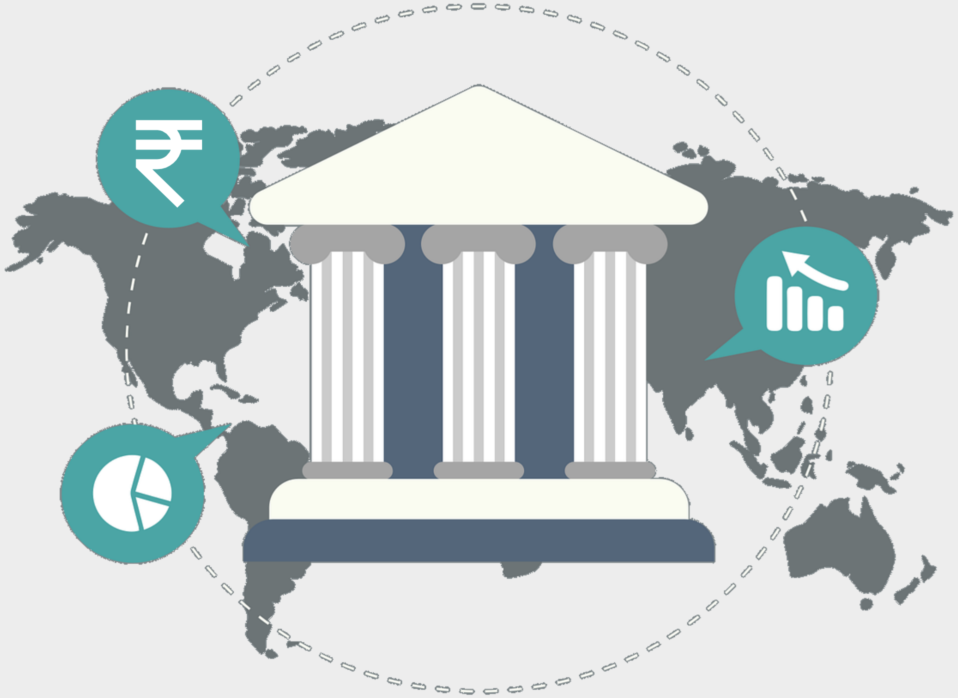
- These measures have been taken with an aim to give India the status of an economic powerhouse.

Banking Sector:

- Multiple policies have been announced so as to streamline the banking services. To recruit in various non-gazetted positions in banks, an agency called National Recruitment Agency would be created for both Government and also the public sector banks.

- It was also announced that the deposit insurance cover has been increased from INR 1 lakh to INR 5 lakh, thus offering more safety to depositors especially the senior citizens who depend on these deposits in their golden phase of life.

- Disinvestment in Banks will now take in offloading of Government’s shares in the IDBI Bank to the private sector. This is going to further boost the PPP model.



Start-up, MSME, and Corporate Sector:

- To foster the start-up community in a big way, the Government has taken some proactive steps and measures to help the breeding grounds of new ideas and innovation.
- Forming a digital platform to enable capturing Intellectual Property Rights and creation of special Knowledge Translation Clusters, along with reasonable deferment of taxation on ESOPs are the measures taken in the right direction.
- The Budget also recommends a new scheme for MSMEs in terms of subordinate debt. The debt recast window of MSME has been extended by one more year to March 31, 2021.
- Some specific types of Government securities would now be opened or permitted for Non-Resident Investors. Additionally, the FPI Limit of Corporate bonds has been enhanced to 15%.
- A range of schemes were announced for the above sector to re-affirm the key role it plays in enabling our economy in moving forward.

Wellness, Water and Sanitation:

- The FM has assigned INR 12,300 crore (INR 123 Billion) for the Swachh Bharat Mission (Clean India Campaign).
- Focusing on India's battle against non-communicable ailments, the Budget suggested the execution of "Fit India Movement".
- Stressing on the PPP model, the Union Budget 2020 also suggested establishing hospitals in Indian Tier-II and Tier-III towns and a total fund allocation of about INR 69,000 crore (INR 690 Billion) towards the health sector.
- The FM also presented various ideas for expanding the Jan Aushadhi Kendra.
- The Budget assigned INR 4,400 crore (INR 44 Billion) for promoting cleaner air in cities that have a population of over 1 million. These measures were in sync with the Centre's aim of making the country healthier and fitter.

Women and Child, Social Welfare:

- Safety and education of women has become a very significant and important matter and through the 'Beti Bachao, Beti Padhao' campaign, the Government has enrolled more girls in schools throughout the nation.

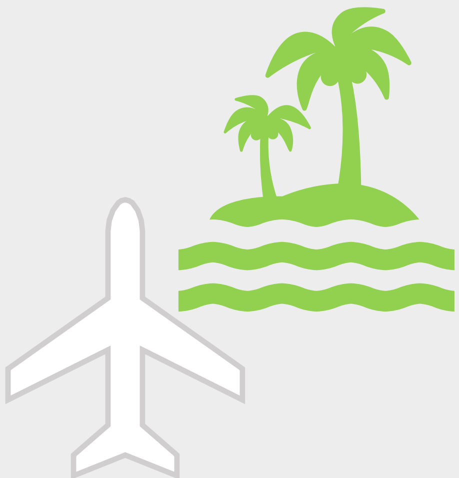
- INR 35,600 crore (INR 356 Billion) is going to be offered towards nutrition-related programmes. Also, a new Task Force would be created to look into the concern of young-age girls who are not ready, entering in motherhood.

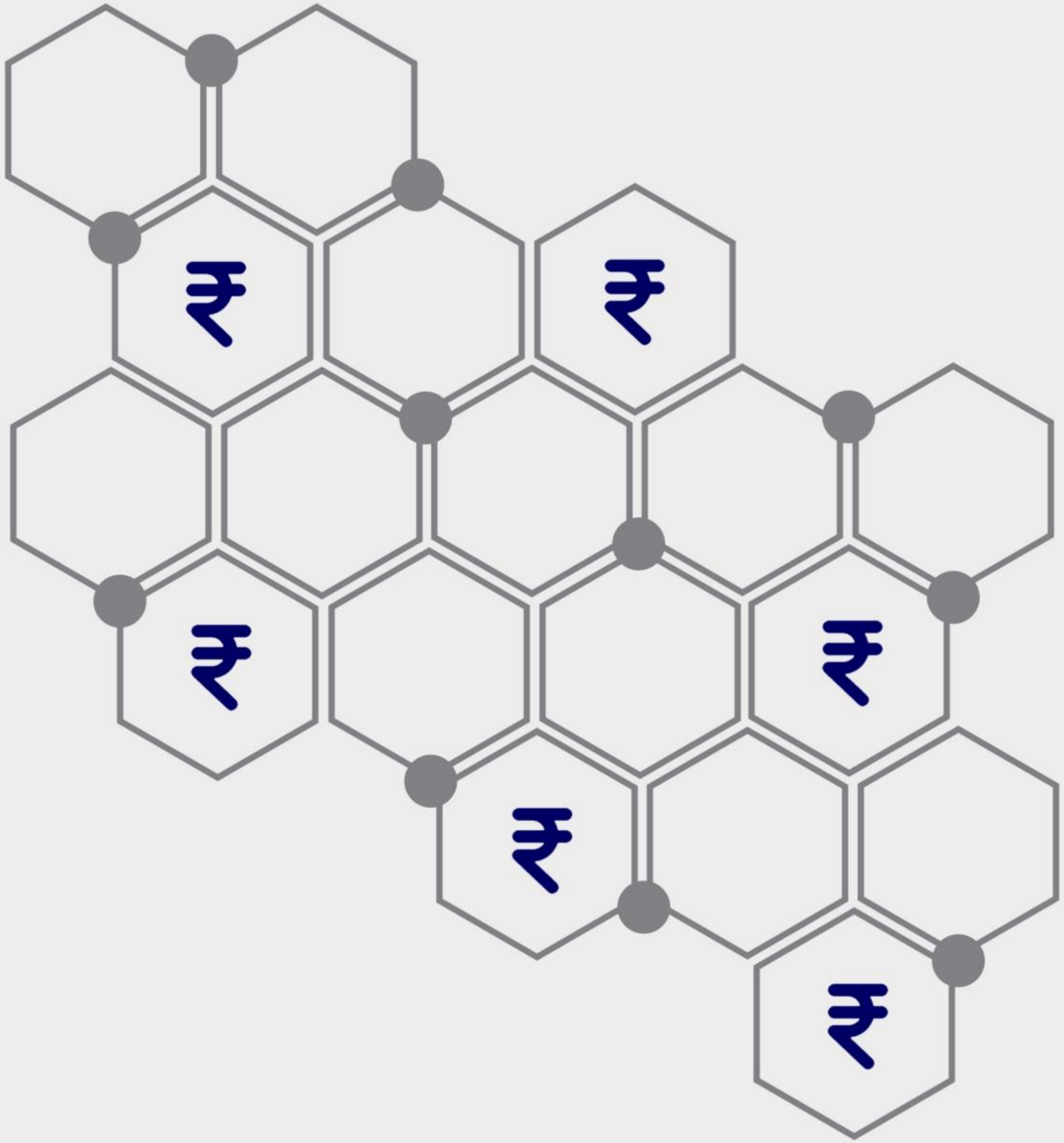
- This year's Budget allocates about INR 85,000 crore (INR 850 Billion) towards developing SCs and OBCs and additional INR 53,700 crore (INR 537 Billion) towards STs development.

- The Union Budget 2020 has also commenced allocation of INR 9,000 crore (INR 90 Billion) just for senior citizens and people with disabilities.

Art, Culture and Tourism:

- The Government has launched policies for promoting India’s diverse culture; for example, the formation of the “Indian Institute of Heritage and Conservation” as a deemed university.
- About five archaeological sites would be developed into top-notch sites.
- The Budget has allocated INR 3,150 crore (INR 31.5 Billion) specifically for the Ministry of Culture.
- Because of these activities and measures, India’s tourism sector is slated to expand at 7.8% to INR 1.88 lakh crore (INR 1.88 Trillion).





DIRECT TAX

CORPORATE TAX

Abolishment of Dividend Distribution Tax:

Impact of Removal

In the hands of Company

- **No DDT on dividend distributed**
- **TDS to be deducted at 10% if the dividend exceeds Rs.5000/-**

In the hands of Shareholder

- **Dividend taxed at the normal applicable rates (Rs.10 Lakhs tax-free limit removed)**
- **Only interest expense can be claimed as deduction from dividend – restricted to 20% of dividend amount**

Relief to start-ups:

- Turnover limit for start-ups that are eligible to claim 100% deduction has been enhanced from INR 25 crores to INR 100 crores (INR 250 Million to 1 Billion);
- Additionally, the time limit for getting the above-mentioned deduction has been extended to any three years out of 10 years (as against previous limit of seven years).

INTERNATIONAL TAX

Significant Economic Presence:

- The process by which the SEP of a non-resident person would form a business connection in India has been established. But the rules outlining the limit for the aggregate amount of payments resulting from the stated transactions and for the total number of users is yet to be announced.

- Discussions are still going on regarding this issue at G20-OECD BEPS project, and the related report is likely to come by December 2020. According to that, the applicability of SEP has been postponed to AY 2022-23.

- The ‘source rule’ is going to be changed in tandem with the global agreement that the source country or country of markets must also possess a taxing right. Therefore, the income that can be attributed to operations performed in India would include income generated from advertisements targeting Indian customers or any income generated from selling data collected from India or any income generated from sale of goods or services by using this data which is collected from India.

INTERNATIONAL TAX

Relaxation in income tax return filing obligations:

- Non-resident Indians are exempted from the rule of filing income tax returns for any interest and taxable dividend in cases where suitable taxes have been withheld.

- Similarly, nonresidents who are earning royalty or FTS income will get similar exemption too.

Profit attribution to PE:

- For providing certainty determination of profits that are attributable to PE are now encompassed in the scope of Safe Harbor Rules and Advance Pricing Agreement.

Taxing e-commerce transactions:

- E-commerce transactions will now have a withholding tax at the rate of 1%.

- All the e-commerce operators need to withhold tax (while crediting or making payment, whichever is earlier) when selling goods or making a provision of services that are over INR 5 lakhs (INR 0.5 Million).

- In case they do not have a PAN, the withholding tax rate will be applicable at 5%.

INTERNATIONAL TAX

Exemptions to FPI:

- Exemption offered to investments made by a non-resident in previous Category I and II FPIs that come under the SEBI (FPI) Regulations, 2014 in the indirect transfer provisions is now extended to investments made by non-residents in the Category-I FPI under the updated SEBI (FPI) Regulations, 2019.

Exemption to Sovereign Funds:

- 100% exemption given in terms of dividends, interest income and long-term capital gains that are earned from investments done in infrastructure field and other notified sectors (have to fulfil a lock in period of 3 years) to the following:
  - Entities that are a wholly-owned subsidiary of the Abu Dhabi Investment Authority; or
  - A wholly-owned sovereign wealth fund that is controlled by any foreign government.

- Advantage of lesser tax rate of 15% for all new manufacturing units extended to the domestic companies who are engaged in the electricity generation sector.

Thin-Capitalization:

- Provisions limiting interest deduction would not be applicable in case the borrowing is done from any foreign bank branch.

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INDIVIDUAL TAX

New Individual tax regime:

- A new tax regime that is optional for individuals and HUFs is to pay their income tax at concessional rates depending on foregoing specified exemptions or deductions -70; for example, HRA, LTA, some specified investment that qualifies deductions, or interest on housing loan, etc.

Total Income (Rs.)	Option 1: Tax Rates with Exemptions/Deductions*	Option 2: Tax Rates without Exemptions/Deductions*
▪ Up to 2.5 Lakhs	Nil	Nil
▪ 2.5 Lakhs to 5 Lakhs	0% - 5%	0% - 5%
▪ 5 Lakhs to 7.5 Lakhs	20%	10%
▪ 7.5 Lakhs to 10 Lakhs	20%	15%
▪ 10 Lakhs to 12.5 Lakhs	30%	20%
▪ 12.5 Lakhs to 15 Lakhs	30%	25%
▪ Above 15 Lakhs	30%	30%

INDIVIDUAL TAX

New Individual tax regime:

*Incase of choosing Option 2(New tax scheme), an individual/HUF's income shall be computed without claiming any deductions/Exemptions, a prominent few of which are listed below:

- Leave Travel Allowance (LTA)
- House Rent Allowance (HRA)
- Standard deduction (Rs.50,000) & Professional Tax deduction under the head 'Salary Income'
- Additional depreciation (Please note that regular depreciation is allowed even under the new tax scheme).
- All deductions under Chapter VI A e.g. 80C, 80D, 80G donations, etc. [except 80CCD (Employer contribution in notified pension scheme) and 80JJAA (Additional deduction in case of new employment)]
- Loss from self-occupied property due to interest paid on housing loan, etc.

INDIVIDUAL TAX

Exemptions which should be foregone to claim new tax regime (Typical items)

Salary

- House Rent Allowance
- Leave Travel Allowance
- Other allowances such as Hill Area Allowance , Underground Allowance
- Food and beverages vouchers up to value of Rs. 1500 per month (Rs. 50 per day)
- Standard deduction of Rs. 50,000
- Deduction for professional tax

Business Income

- Exemption for SEZ units under Section 10AA
- Additional Depreciation for manufacturing units
- Contribution for scientific research purposes
- Investment allowance for investment in state of Andhra Pradesh, Telangana, West Bengal, Bihar.
- Capital expenditure for specified businesses – Section 35AD

Common

- Interest of Rs. 2 lakhs for self-occupied property
- Loss of Rs. 2 lakhs for let out property cannot be set off against any other head of income but can be carried forward to be set off against future years' income from house property.
- Section 80C / 80CCD / 80D
- Section 80G –Donations
- Section 80TTA pertaining to Interest on Savings Bank up to Rs. 10,000

INDIVIDUAL TAX

Procedure to Exercise the New Tax Scheme without Exemptions/Deductions

Assessee – Individual/HUF

Having no Business Income	Having Business Income
Choice of Option1/Option2 can be exercised EVERY YEAR while filing the Return of Income within due date i.e. by 31st July/31st Oct/30th Nov as the case may be	Choice of Option1/Option2 once exercised will be applicable to all subsequent years. However, choice of Option 2 can be withdrawn ONLY ONCE.

- No set off losses under the head ‘house property’ to be allowed under any other head of income.
- Depreciation claim permitted as per the normal provisions.
- Taxpayers under the new regime shall not be subject to AMT.
- Tax holiday / deduction in case of a unit in the IFSC continue to be available subject to fulfilment of the certain conditions.

Tax residency redefined:

- Indian citizens who are non-residents in India and are not taxed anywhere in any jurisdiction because of reasons residency and domicile would be considered as tax residents of India.
- For Indian citizens who are visiting India for deciding the residential status, the initial stay period of 182 days is now reduced to 120 days.
- An individual or an HUF will be termed as ‘not ordinarily resident’ in India in case the individual or the manager of HUF (as the case may be) has not been living in India or been a non-resident in 7 out of 10 years before the relevant previous year.

Taxability of ESOPs issued by entitled start-ups recommended to be deferred:

- Currently, ESOPs are taxed as perquisites on the specific date of exercise of option. For easing the burden on the start-up company employees, now the withholding tax will trigger within 14 days from whichever of the following events happens earliest:
  - after the 48 months expire from the end of the relevant AY; or
  - from the date when the sale of ESOP is done by the assessee; or
  - from the date on which assessee stops to be the employee of the start-up company

Limiting the benefits to employees on employer's contribution:

- Employer contribution made to the employee's recognized provident fund, superannuation fund, and NPS exceeding over INR 7.5 lakhs (INR 0.75 Million) would be taxed as perquisite.

ASSESSMENT AND LITIGATIONS

Enhancement in Threshold Limit for Tax Audits:

Situation	Tax Audit Applicable in case the Total Turnover is Over
Total of Cash Receipts in Relation to Sales and Total of Cash Payments in Relation to Purchases and Expenses not going over 5% of these Receipts or Payments	>Rs. 5 Crores
Other Scenarios	>Rs. 1 Crores

- The threshold limit for getting an accounts audit done is recommended to be enhanced from current Rs. 1 crore to Rs. 5 crores as long as cash receipts and payments do not exceed 5% of total receipt or payment, as the scenario may be.

- However, the TDS and TCS provisions will still be applicable as per the old limit of Rs. 1 crore/50 lakhs.

ASSESSMENT AND LITIGATIONS

Date of Return Filing has been extended

- The due date for return filing applicable for companies and for individuals who need to get their accounts audit done is now extended to 31st October of the Assessment Year. Earlier it was 30th September. However, the date for filing the audit reports is still the same, that is, 30th September.

Assessment, Penalties and Various Appeals

E-Assessment scheme has been extended to e-Appeal and e-Penalty

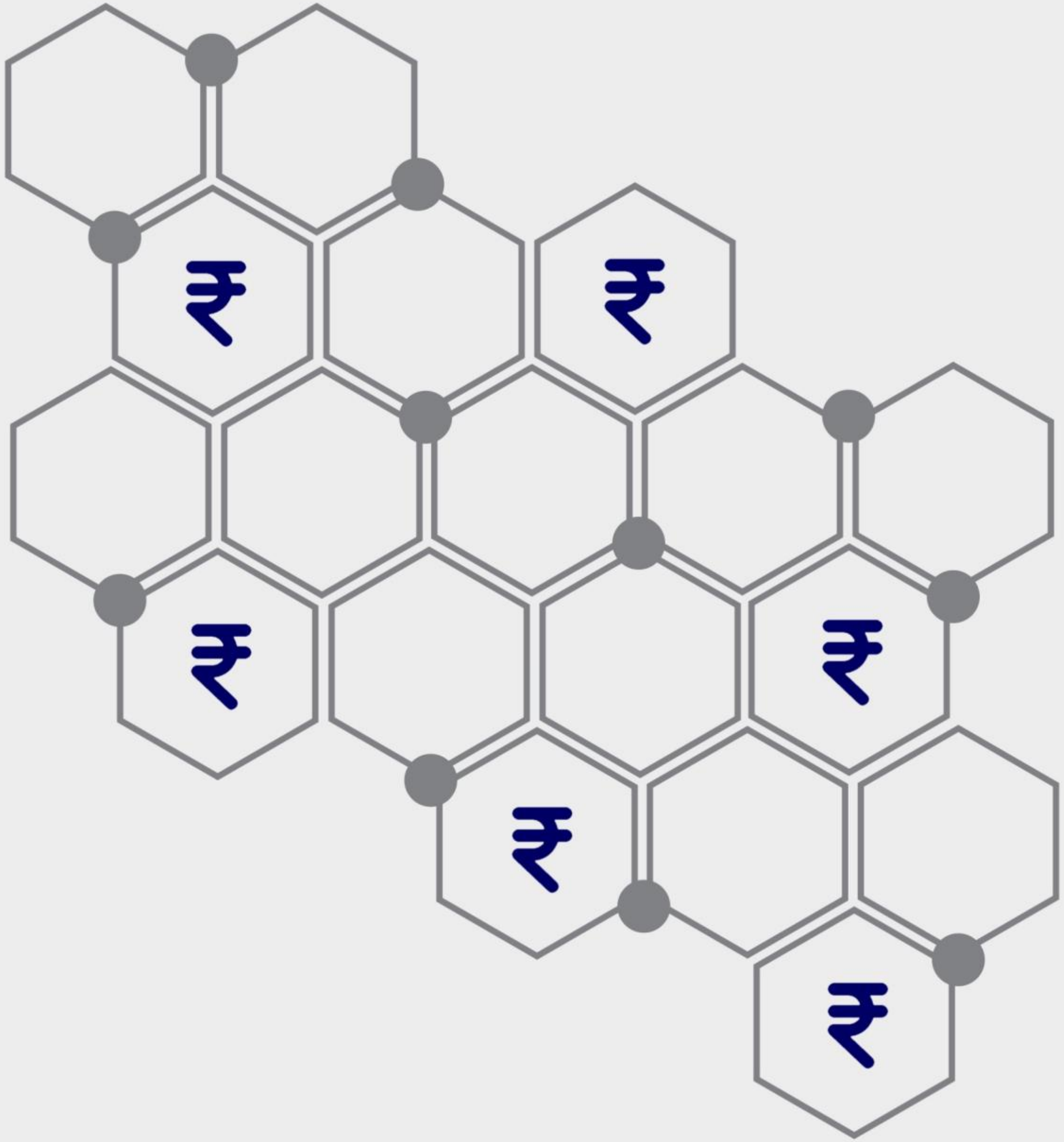
- The scope of e-Assessment has been extended to now include best judgment assessments mentioned in Sec 144.

- E-appellate system has been recommended where appeals would be disposed of by one or more CIT (Appeals).

- E-scheme for imposing any penalties has been suggested.

Penalty for any fake invoices would be equivalent to the amount of those fake invoices

- To stop the practice of getting fake GST invoices for the purpose of input tax credit, a new penalty has been announced, in which the penalty or fine would be equal to the total amount of those fake invoices.

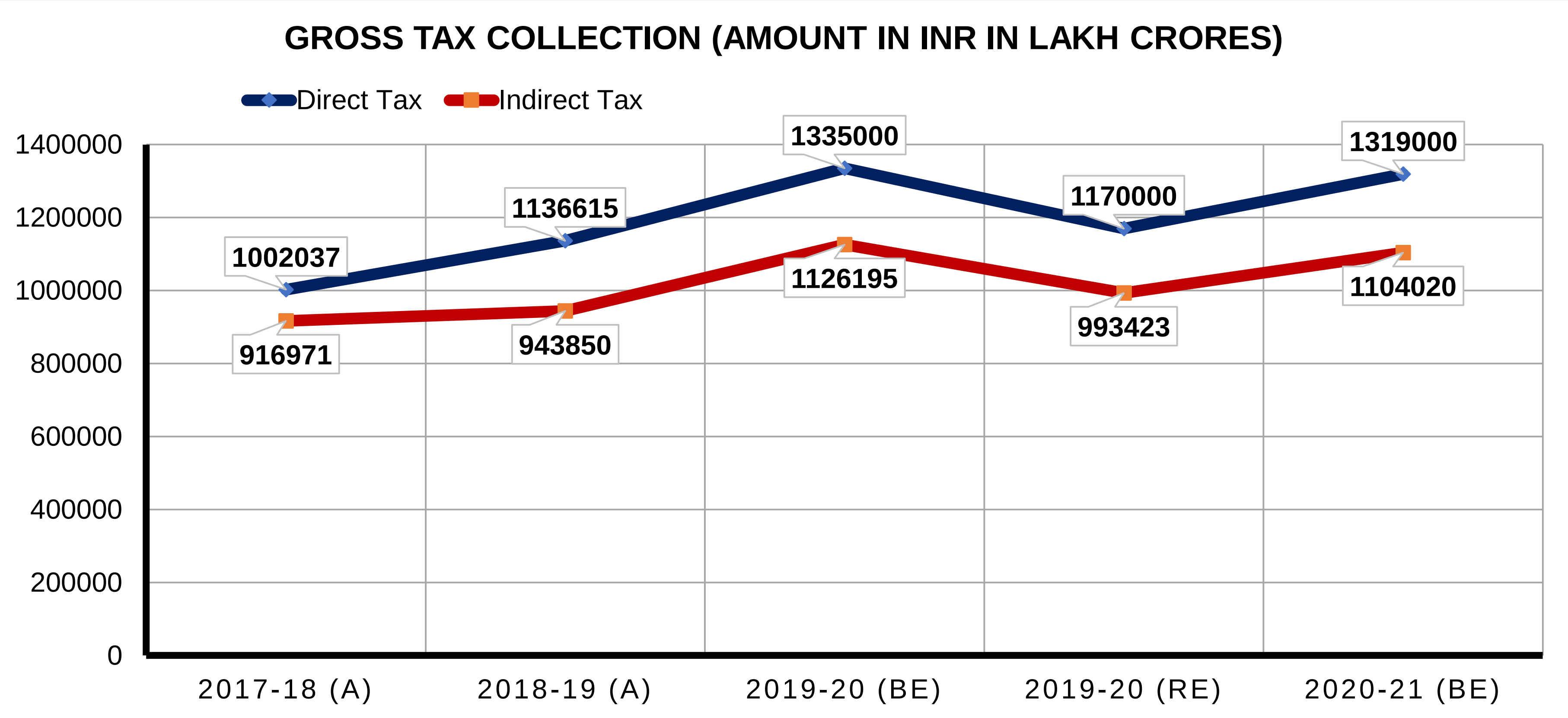


INDIRECT TAX

GROSS TAX COLLECTION

❖ The deficit in revenue for 2019-20 (RE) as against 2019-20 (BE) is –
- Direct tax worth INR 1.65 lakh crores (including the corporate tax of INR 1.55 lakh crores); and
- Indirect tax worth INR 1.33 lakh crores (including excise duty INR 0.52 lakh crores plus GST of INR 0.51 lakh crores).

❖ Indirect tax revenue calculated for 2020-21 (BE) is less than that of 2019-20 (BE).



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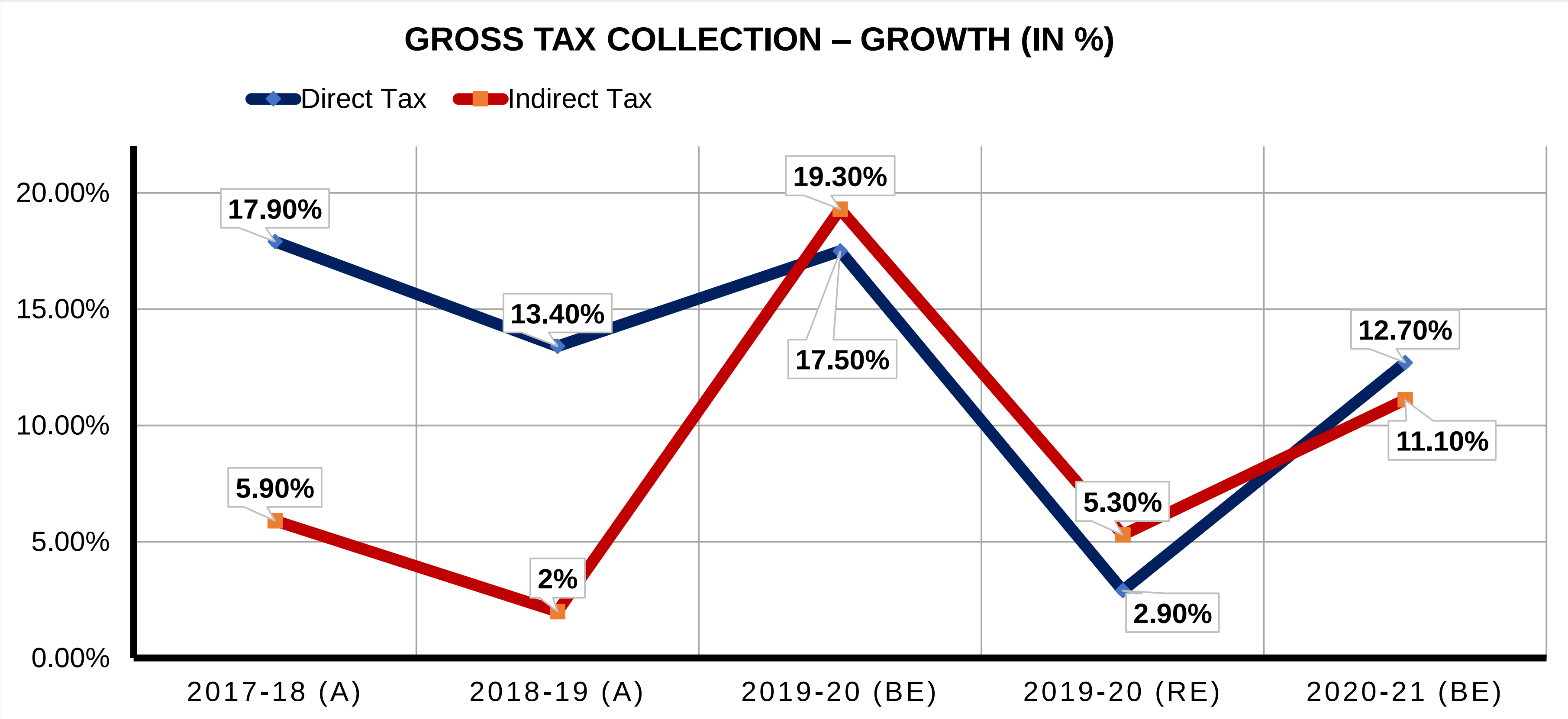
GROSS TAX COLLECTION

- The gross tax collections prove that there is growth of about 4% in 2019-20 (RE) as compared to 2018-19 (Actuals). The tax revenue growth in 2020-21 (BE) is estimated at 11.1% as against 2019-20 (RE).



GST

Backdrop:

- One of the most momentous structural reforms of India, cooperative federalism is the focal point of implementation of GST.

- GST is slowly maturing into a tax that is assimilating the country economically
  - Turnaround time for trucks decreased to almost 20% because of elimination of check posts
  - Effective tax incidence on nearly every commodity came down and there was an overall reduction in tax incidence by 10%
  - Annual profit of INR 1 lakh crore has been extended to consumers
  - Saving of almost 4% in monthly average spending of households
  - Over 60 lakh new taxpayers were added in last two years

- Invoice and ITC matching is done. Artificial Intelligence and deep data analytics tools are used for processes of ITC, refund, and to take care of other frauds.

- A simplified and updated return system will be introduced starting April 1, 2020. It would have features such as SMS-based filing for NIL or no return, return pre-filling process, and enhanced ITC flow.

- Electronic invoice will be introduced starting from April 1, 2020, for companies crossing the stated limit of turnover and for issuing invoices to businesses or registered person. Now, a dynamic QR-code would be used for making consumer invoices.

GST

Legislative changes (will be effective from a date to would be notified soon, unless specified otherwise):

- Definition of Union Territory would include (i) Dadra and Nagar Haveli and Daman and Diu (as one combined territory) and (ii) Ladakh

- Taxable individuals engaged in following tasks will not be eligible for the composition scheme
  - supplying services for which tax cannot be levied
  - inter-state supply of any services
  - supply of services using e-commerce operators

- To find the due date by when the ITC in terms of debit note could be availed was attached to the date of issuing the underlying invoice. This has been delinked now. Therefore, one can determine the due date on the basis the date of debit note itself.

- Central Government has been vested with the powers to recommend the time and manner in which the tax invoice would be issued in case of some particular taxable services.

- Any individual who keeps the profit of the following transaction and at whose instance any such transaction is done would be liable for a penalty which is equal to the amount of tax evasion or the ITC that is availed or passed on –
  - supply of any goods or services without relevant invoice
  - issuance of invoice without supplying associated goods or services
  - taking or using the ITC without actually receiving the goods or services
  - taking or disbursing the ITC in flouting of the CGST Act.

GST

Legislative changes (will be effective from a date to would be notified soon, unless specified otherwise):

- The offence of fraudulently availing ITC without raising an invoice would be seen as a cognizable and non-bailable offence; and any individual who commits this crime or causes the commission and keeps the profit of transactions resulting from such offences would be liable for punishment.

- Deadline for issuance of removal of difficulties order has been extended from currently applicable three years to five years. Thus, now such orders can be issued till June 30, 2022.

- Supplies related to any transfer of business assets done without consideration would be now omitted from the Schedule II of CGST Act (activities to be considered as supply of goods or supply of services)

- Transitional arrangement for ITC is updated to enable prescribing the time limit and manner in which the transitional credit can be availed (This will be effective from July 1, 2017 on enactment of the Finance Bill)

GST

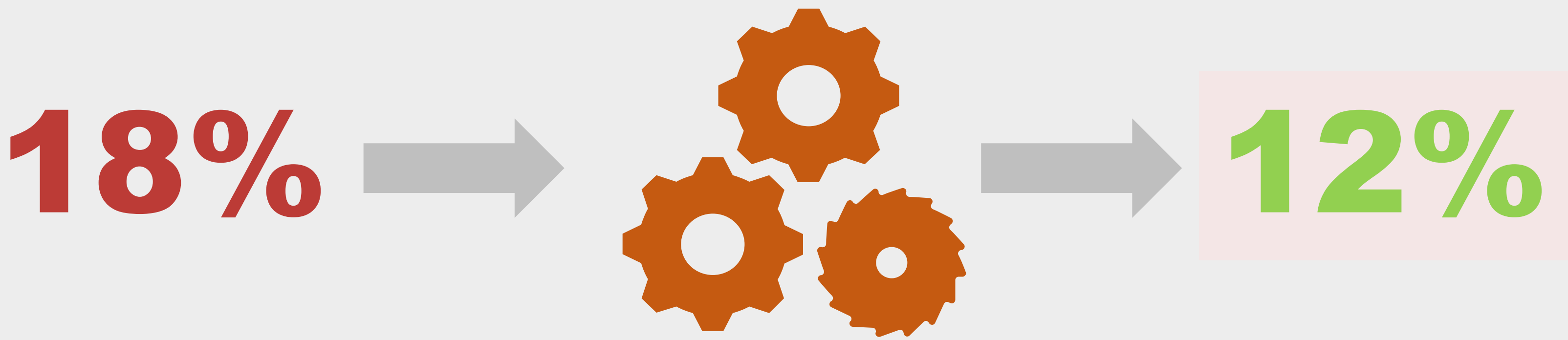
Legislative changes (will be effective from a date to would be notified soon, unless specified otherwise):

❖ Retrospective amendments (will be effective from enactment of the Finance Bill)

- Exemption on supplying ‘fishmeal’ from the GST levy from July 1, 2017 to September 30, 2019 (no refund would be given where GST has been paid already for the mentioned period)

- Alteration in rate of GST from current 18% to 12% on pulley, wheels or other parts that are used in agricultural machinery starting from July 1, 2017 to December 31, 2018 (no refund would be given in case GST has been paid already for the mentioned period)

- Refund of all the accumulated credit of compensation cess especially on tobacco products because of inverted duty structure has been disallowed beginning from July 1, 2017 to September 30, 2019 (this refund is currently disallowed beginning from October 1, 2019)



CUSTOMS DUTY

Backdrop:

- Several steps have been taken for enhancing the ease of doing business. India's ranking on the Trading Across Border parameter of Ease of Doing Business rankings performed by the World Bank has got better from 146 to 80 in 2018 and going to 68 in 2019.

Legislative changes (to be effective from a date to be notified, unless it is specified otherwise):

- Central Government has been vested with the power to prevent damage to the Indian economy by the unrestrained import or exports of precious metals like gold or silver, to forbid their import or export. This provision is altered to now include 'any other goods' (this is in addition to gold and silver) in its realm.

- It is clarified that any notice that is issued before March 29, 2018, regarding non-levy, non-payment or erroneous refund, or short-levy, will continue to be administered by the provisions of section 28 of the Customs Act, 1962, as it stood just before such date.

- Electronic Duty Credit Ledger is going to be created in the customs system for issuing duty credit in place of reduction of any duty or tax to be given in terms of exports or in place of other benefit. The duty credit that is available in electronic form could be used for paying duties or it can be transferred further to another person.

CUSTOMS DUTY

Legislative changes (to be effective from a date to be notified, unless it is specified otherwise):

- Central Government is now given the power to implement safeguard measures, in case any product is imported inside India in such increased numbers or quantity and under any such conditions that cause or threaten to cause serious damage to the domestic industry. Protective measures would include imposing a Safeguard Duty or applying a Tariff Rate Quota or any other such step that the Central Government might deem appropriate as a protective or safeguard measure.

- Anti-Dumping Rules outlines details about manner and process for investigating into dumping of goods that could cause damage to domestic industry. Amendments are being made in the Rules to fortify the anti-circumvention steps by making them all-inclusive and widen their scope to take care of all kinds of circumventions of anti-dumping duty in tandem with best international practice.

CUSTOMS DUTY

Legislative changes (to be effective from a date to be notified, unless it is specified otherwise):

- Countervailing Duty Rules outlines details about for manner and procedure for causing investigation of the cases of importing subsidized goods that cause damage to the domestic industry. As of now, the Countervailing Duty Rules don't have a set mechanism for imposing the countervailing duty in the scenario of circumvention of these steps. A provision is being made in the countervailing Duty Rules to facilitate investigation in the scenario of circumvention of countervailing duty for allowing imposition of such duty.

- New provision to manage the preferential tariff treatment system under the Trade Agreements has been inserted. The provision would specifically answer for some obligations on importer (like exercising reasonable care towards the accuracy and reliability of fulfilling the country of origin criteria) and recommend for time-bound verification especially from the exporting country in case of any queries or doubt. All import of goods that lie under the preferential tariff treatment and are pending for verification will be suspended and any such goods will be cleared only on submitting security that is equivalent to the differential duty. In some specific cases, the preferential tariff treatment could be denied without any further verification.

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CUSTOMS DUTY

Health Cess:

❖ Health Cess would be imposed now with immediate effect on importing some specified medical devices (which lie under tariff chapter headings 9018 to 9022) at the rate of 5% as customs duty on import value of these devices. Health Cess would not be levied on exempted medical devices from BCD and on inputs or parts which are used in the manufacturing of medical devices. Export promotion scrips should not be used for paying the Health Cess. The proceeds from the health cess would be used for enhancing infrastructure for health services.

Excise Duty by way of NCCD:

❖ With immediate effect, the NCCD has been increased on some specific cigarettes and tobacco products. However, no amendment is made in the NCCD rates of bidis.

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