

### Customs

*Clause 65* seeks to amend section 28E of the Customs Act, 1962, which deals with the Authority for Advance Rulings, so as to, -

- (i) enable a joint venture in India to obtain an advance ruling, and
- (ii) to empower the Central Government to notify any class or category of persons who can apply for an advance ruling under clause (c).

*Clause 66* seeks to amend sub-section (1) of section 28F to change the name of the Authority for Advance Rulings as the Authority for Advance Rulings (Central Excise, Customs and Service Tax).

*Clause 67* seeks to amend section 28H of Customs Act, to insert clause (e) in sub-section (2), to provide for an application to seek advance ruling on determination on Rules of Origin, of goods that are exported from or imported into India, by the Authority for Advance Rulings (Central Excise, Customs and Service Tax).

*Clause 68* seeks to amend section 127MA of the Customs Act, so as to exclude the provisions of sub-section (1) of section 127-I from the provisions of sub-section (6) and to insert sub-section (8) to provide for sending a case back to the Tribunal by the Settlement Commission in the event of non co-operation by an applicant.

*Clause 69* seeks to amend sub-section (5) of section 128A of the Customs Act, so as to provide that an order passed by a Commissioner of Customs (Appeal) shall be communicated to the Chief Commissioner.

*Clause 70* seeks to amend section 129A of the Customs Act, so as to empower the Board to constitute a Committee consisting of two Chief Commissioners by notification for the purposes of giving direction to the proper officer to appeal on its behalf.

*Clause 71* seeks to amend section 129D of the Customs Act, to empower the Chief Commissioner of Customs to call for and examine the record of any proceedings in which a Commissioner of Customs has passed any decision or order.

*Clause 72* seeks to substitute section 3 of the Customs Tariff Act, 1975 to enable the Central Government also to levy an additional duty not exceeding 4 per cent. *ad valorem* on imported articles, as would counter balance the sales tax, value added tax, local taxes and other charges, leviable on such articles or like articles on their sale or purchase or transportation in India.

*Clause 73* seeks to omit section 3A of the Customs Tariff Act, 1975.

*Clause 74* seeks to amend the First Schedule to the Customs Tariff Act so as to-

(a) reduce the basic customs duty in respect of goods falling under the Chapters, headings, sub-headings and tariff items, namely:-

Chapters 25 (except heading 2510), 26 (tariff items 2620 11 00, 2620 19 00, 2620 30 10 and 2620 30 90), 27 (except tariff items 2701 12 00, 2701 20 10, 2701 20 90, 2709 00 00 and 2716 00 00 and headings 2702, 2703, 2704, 2711 and 2714), 28 (except tariff items 2801 20 00, 2812 10 10, 2812 10 21, 2812 10 22, 2812 10 41, 2812 10 42, 2812 10 43, 2812 10 47, 2812 10 60, 2814 10 00, 2814 20 00, 2845 10 00, 2851 00 91 and 2851 00 99), 29 (except tariff items 2901 10 00, 2901 21 00, 2901 22 00, 2901 23 00, 2901 24 00, 2901 29 10, 2901 29 20, 2901 29 90, 2902 11 00, 2902 19 00, 2902 20 00, 2902 30 00, 2902 41 00, 2902 42 00, 2902 43 00, 2902 44 00, 2902 50 00, 2902 60 00, 2902 70 00, 2902 90 10, 2902 90 20, 2902 90 30, 2902 90 40, 2902 90 50, 2902 90 90, 2903 15 00, 2903 21 00, 2903 30 11, 2903 30 19, 2904 90 80, 2905 19 10, 2905 19 90, 2905 43 00, 2905 44 00, 2918 19 10, 2918 19 90, 2920 10 10, 2920 10 20, 2920 90 41, 2920 90 42, 2920 90 43, 2920 90 44, 2920 90 45, 2920 90 47, 2920 90 48, 2920 90 51, 2920 90 52, 2920 90 53, 2920 90 54, 2920 90 55, 2920 90 56, 2920 90 57, 2920 90 58, 2920 90 61, 2920 90 62, 2920 90 63, 2920 90 64, 2920 90 65, 2920 90 66, 2920 90 99, 2921 19 11, 2921 19 14, 2921 19 90, 2922 11 11, 2922 11 12, 2922 11 13, 2922 11 14, 2922 11 15, 2922 11 16, 2922 11 90, 2922 12 11, 2922 12 12, 2922 12 90, 2922 19 10, 2922 19 20, 2922 19 30, 2922 19 90, 2926 10 00, 2930 90 91, 2930 90 99, 2933 39 30, 2939 29 10, 2939 29 90), 30 (except tariff items 3006 60 10, 3006 60 20 and 3006 60 30), 31 (except tariff items 3102 21 00, 3102 50 00, 3104 30 00, 3105 20 00, 3105 30 00, 3105 40 00, 3105 51 00, 3105 59 00, 3105 60 00, 3105 90 10 and 3105 90 90), 32 (except heading 3201), 33 (except heading 3301 and sub-heading 3302 10), 34, 35 (except headings 3501, 3502, 3503, 3504 and 3505), 36, 37 (except tariff items 3701 20 00 and 3702 20 00), 38 (except tariff items 3809 10 00, 3818 00 10, 3818 00 90, 3824 60 10, 3824 60 90 and heading 3823), 39, 40 (except tariff items 4001 10 10, 4001 10 20, 4001 21 00, 4001 22 00 and 4011 30 00 and sub-heading 4001 29), 41 (except headings 4101, 4102 and 4103), 42, 43 (headings 4303 and 4304), 44 (except headings 4401, 4402 and 4403), 45, 46, 48 (except tariff items 4801 00 10 and 4801 00 90), 49 (except tariff items 4902 10 10, 4902 10 20, 4902 90 10, 4902 90 20, 4904 00 00, 4905 10 00, 4905 91 00, 4905 99 10 and 4905 99 90), 50 (headings 5004, 5005, 5006 and 5007), 51 (except tariff item 5105 29 10 and headings 5101, 5102, 5103 and 5104), 52 (except headings 5201, 5202 and 5203), 53 (except headings 5301 and 5302), 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 76 (heading 7615), 78, 79, 81, 82, 83, 84 (except sub-heading 8471 70 and tariff items 8407 21 00 and 8456 91 00), 85 (except tariff items 8532 21 00, 8532 24 00, 8532 90 00, 8533 90 00, 8540 40 00, 8541 90 00, 8543 11 00 and heading 8542), 86, 87 (except tariff item 8710 00 00), 88 (except tariff items 8802 20 00, 8802 30 00, 8802 40 00, 8803 10 00, 8803 20 00 and 8803 30 00), 89 (except tariff

item 8908 00 00), 90 (except tariff items 9010 41 00, 9010 42 00, 9010 49 00, 9030 82 00 and 9031 41 00), 91, 92, 93, 94, 95, 96, 97 (except heading 9704) and 98;

(b) increase the basic customs duty in respect of articles falling under Chapter 6 (heading 0603);

(c) reduce the basic customs duty, for preferential areas, in respect of articles falling under the Chapters, headings, sub-headings and tariff items, namely:-

Chapters 25 (heading 2504), 29 (tariff items 2939 41 10, 2939 41 20, 2939 41 90, 2939 42 00, 2939 43 00, 2939 49 00, 2939 51 00 and 2939 59 00 and headings 2936, 2937 and 2941), 30 (except headings 3005 and 3006), 34 (tariff items 3402 11 10, 3402 11 90, 3402 12 00, 3402 13 00 and 3402 19 00) and 38 (tariff items 3801 10 00, 3802 10 00, 3812 10 00).

*Clause 75* seeks to insert sub-section (1A) in section 5A of the Central Excise Act, 1944 to provide that in respect of goods exempted absolutely from excise duty, the manufacturer shall not pay duty on such goods.

*Clause 76* seeks to amend section 23A of the Central Excise Act, 1944, so as to, -

(a) (i) include a joint venture in India as an "applicant" and (ii) to empower the Central Government to notify any class or category of persons as an "applicant" in clause (c);

(b) change the name of the nomenclature for the "Authority for Advance Ruling" as "Authority for Advance Ruling (Central Excise, Customs and Service Tax)" in clause (e).

*Clause 77* seeks to amend section 32PA of the Central Excise Act, so as to exclude provisions of sub-section (1) of section 32L, from the provision of sub-section (6) and to insert new sub-section (8) to provide for sending a case back to the Tribunal by the Settlement Commission in the event of non co-operation by an applicant.

*Clause 78* seeks to amend sub-section (5) of section 35A of the Central Excise Act, so as to provide that an order passed by a Commissioner of Central Excise (Appeals) shall be communicated to the Chief Commissioner of Central Excise.

*Clause 79* seeks to amend section 35B, so as to, -

(a) insert sub-section (1B) to empower the Central Board of Excise and Customs constituted under the Central Boards of Revenue Act, 1963 (54 of 1963) to constitute a Committee consisting of two Chief Commissioners of Central Excise for the purposes of giving direction to the proper officer to appeal in its behalf;

(b) replace the word "Commissioner of Central Excise" appearing in sub-section (2) as "The Committee of Chief Commissioners of Central Excise".

*Clause 80* seeks to substitute the word "Board" appearing in section 35E as "Committee of Chief Commissioners of Central Excise".

*Clause 81* seeks to substitute the Third Schedule to the Central Excise Act consequent to enactment of the Central Excise Tariff (Amendment) Act, 2004.

*Clause 82* seeks to amend rules 57CC and 57AD, of the Central Excise Rules, 1944 in the manner specified in the Fourth Schedule with retrospective effect so as to incorporate recovery provisions for the amount specified in the said rules.

*Clause 83* seeks to amend rule 6 of CENVAT Credit Rules, 2001 in the manner specified in the Fifth Schedule with retrospective effect so as to incorporate recovery provisions for the amount specified in the said rule.

*Clause 84* seeks to amend notification number 88/88-Central Excise, dated the 1<sup>st</sup> March 1988, published in the Gazette of India

vide No. G.S.R. 277(E), dated the 1<sup>st</sup> March, 2003, with retrospective effect so as to make applicable the definition of 'rural area' as provided in clause (ff) of section 2 of the Khadi and Village Industries Commission Act, 1956 (61 of 1956) for the purposes of exemption under said notification, for the period on and from the 28th February, 2000 to the 28th February, 2003.

*Clause 85* seeks to levy additional duty of excise for the purposes of Union as a surcharge on the goods specified in Seventh Schedule at the rates specified therein.

*Clause 86* seeks to amend the First Schedule and the Second Schedule to the Central Excise Tariff Act, 1985 in the manner given in the Eighth and Ninth Schedules respectively.

*Clause 87* seeks to insert a Chapter NOTE in Chapter 15 of the First Schedule to the Central Excise Tariff Act, 1985, with retrospective effect from 1<sup>st</sup> day of March, 1986 up to 28th day of February, 2005, so as to provide that in respect of refined edible oils the process of refining shall amount to manufacture.

*Clause 88* seeks to amend Chapter V of the Finance Act, 1994 relating to service tax in the following manner, namely:-

(i) sub-clauses (a) and (b) seek to amend section 65 and section 66 of the Finance Act, 1994 so as to modify the scope of certain existing taxable services and to impose service tax on the following services provided or to be provided by-

(a) any person in relation to transport of goods other than water, through pipeline or other conduit;

(b) any person in relation to site formation and clearance, excavation and earthmoving and demolition and such similar activities;

(c) any person in relation to dredging;

(d) any person, other than by an agency under the control of, or authorised by, the Government in relation to survey and map-making;

(e) any person in relation to cleaning activity;

(f) any club or association, in relation to provision of services, facilities or advantages for a subscription or any other amount;

(g) any person, in relation to packaging activity;

(h) any person in relation to mailing list compilation and mailing;

(i) any person, in relation to construction of complex.

Service tax is sought to be levied on the above taxable services at the rate of ten per cent. of the gross amount charged for such services provided or to be provided by the service provider to any person;

(ii) sub-clause (c) seeks to amend section 67 so as to provide that gross amount charged shall include any amount received towards the taxable service before, during or after provision of such service;

(iii) sub-clause (d) seeks to amend section 69 so as to provide that the Central Government may, by notification in the Official Gazette, specify such person or such class of persons, other than the person liable to pay service tax, who shall make an application for registration within such time and in such manner and in such form as may be prescribed;

(iv) sub-clause (e) seeks to amend section 70 so as to provide that notified person or class of person, other than the person liable to pay service tax, shall furnish to the Superintendent of the Central Excise, a return in such form and in such manner and at such frequency as may be prescribed;

(v) sub-clause (f) seeks to amend section 73 so as to empower the Central Excise Officer to serve notice and determine the amount of service tax due in case any service

tax has not been levied or paid or has been short-levied or short-paid or erroneously refunded;

(vi) sub-clause (g) seeks to amend section 74 so as to empower the Central Excise Officer to amend the order passed by him with a view to rectify any mistake apparent from the record;

(vii) sub-clause (h) seeks to amend section 78 so as to provide that where service tax determined under sub-section (2) of section 73 and interest payable under section 75, is paid within thirty days from the date of communication of the order of the Central Excise Officer determining such service tax the amount of penalty liable to be paid would be twenty-five per cent. of service tax so determined;

(viii) sub-clause (i) seeks to amend section 83 so as to make applicable section 33A of the Central Excise Act, 1944 in relation to service tax;

(ix) sub-clause (j) seeks to insert section 83A so as to provide power of adjudication in service tax cases;

(x) sub-clause (k) seeks to amend section 84 so as to empower the Commissioner of Central Excise to call for the records of a proceeding of any decision or order passed by an adjudicating authority subordinate to him, and make inquiries or cause such inquiries to be made and pass such order thereon as he thinks fit;

(xi) sub-clause (l) seeks to amend section 85 so as to provide that any person aggrieved by any decision or order passed by an adjudicating authority subordinate to the Commissioner of Central Excise may appeal to the Commissioner of Central Excise (Appeals);

(xii) sub-clause (m) seeks to amend section 86 so as to provide that appeal against an order passed by the Commissioner of Central Excise under section 73 or section 83A or section 84 can be made to Appellate Tribunal and that the Commissioner of Central Excise may direct any Central Excise Officer, on his behalf, to appeal to Appellate Tribunal against any orders passed by Commissioner of Central Excise (Appeals);

(xiii) sub-clause (n) seeks to amend section 94 so as to empower the Central Government to make rules in respect of time within which and the manner and the form in which application for registration shall be made under sub-sections (1) and (2) of section 69 and the form in which and the manner in which and the frequency of the returns to be furnished under sub-sections (1) and (2) of section 70.

*Clause 89* seeks to amend section 2 of the Central Sales Tax Act, 1956 to provide for deductions to be made from total consideration in respect of works contracts to arrive at the sale price, to include VAT legislations of the States within the ambit of the definition of "sales tax law" and "general sales tax law", and to define the term "works contract".

*Clause 90* seeks to make submission of declaration in the prescribed form so as to enjoy the benefit under section 5(3) of the Central Sales Tax Act and seeks to treat the sale of Aviation Turbine Fuel to any designated Indian carrier for its international flight as deemed export.

*Clause 91* seeks to substitute the existing section 6(3) of the Central Sales Tax Act, 1956 to provide for exemption from payment of Central Sales Tax on Inter-State sale of goods to diplomatic missions, United Nations and their diplomats for their official and personal use.

*Clause 92* seeks to amend section 13 of the Central Sales Tax Act to empower the Government to make rules prescribing the deductions from the total consideration for a works contract in order to determine the sale price.

### *Banking Cash Transaction Tax*

Chapter VII (containing clauses 93 to 112) provides for levy of a tax on certain banking cash transactions entered into with any scheduled bank.

*Clause 93* of the Bill deals with the extent, commencement and application of the Chapter. This proposed Chapter extends to the whole of India except the State of Jammu and Kashmir. It shall come into force on 1<sup>st</sup> June, 2005.

*Clause 94* of the Bill defines various terms and expressions like "Appellate Tribunal", "Assessing Officer", "Board", "person", "scheduled bank", "taxable banking transaction", etc., used in the Chapter.

Sub-clause (8) defines taxable banking transactions to mean – (i) withdrawal of cash (by whatever mode) exceeding ten thousand rupees on any single day by a person from any scheduled bank, or (ii) purchase of Bank draft, banker's cheque etc. of an aggregate amount exceeding ten thousand rupees on any single day by a person from a scheduled bank out of cash deposited with such bank, or (iii) receipt of cash exceeding ten thousand rupees on a single day by a person on encashment of time deposits with a scheduled bank. The other definitions are self-explanatory.

*Clause 95* of the Bill seeks to make a provision for the charging of a tax called "banking cash transaction tax" at the rate of 0.1 per cent. of the value of each taxable banking transaction entered into with any scheduled bank and such tax shall be payable by the person who withdraws the cash from a scheduled bank or purchases bank draft, banker's cheque, etc. from a scheduled bank out of cash deposited with such bank or receives cash on encashment of term deposit with a scheduled bank or encashes a bearer cheque to whom the payment is made in cash by the scheduled bank. However, no such tax shall be payable if the amount of term deposit is credited to any account with bank.

*Clause 96* of the Bill provides for the value of taxable banking transactions. The value of a taxable banking transaction shall be – (i) the amount of cash withdrawn from a scheduled bank, or (ii) the amount of cash deposited with a scheduled bank for purchase of a bank draft or banker's cheque, etc., or (iii) the amount of cash received on encashment of term deposit with a scheduled bank.

*Clause 97* of the Bill provides for collection and recovery of banking cash transaction tax by a scheduled bank. The amount of banking cash transaction tax collected by the scheduled bank has to be paid to the credit of the Central Government by the fifteenth day of the month following the month in which the banking cash transaction tax is collected.

*Clause 98* of the Bill provides for furnishing of prescribed return to the Assessing Officer. Sub-clause (1) lays down that the scheduled bank (assessee) would be responsible for collection of banking cash transaction tax and for filing returns. Such returns in respect of all taxable banking transactions entered into during a financial year with that scheduled bank shall be in the form and manner and setting-forth such particulars as may be specified in the rules made under the Chapter.

Sub-clause (2) confers power on the Assessing Officer to issue notice requiring any assessee who is responsible for collection of banking cash transaction tax, and has not furnished the return, to furnish such return within such time as may be specified in the notice.

Sub-clause (3) provides for furnishing a return or a revised return before the assessment is made, in case any assessee has not furnished any return within the time allowed or on discovery of any omission or wrong statement in the return earlier furnished.

*Clause 99* of the Bill contains provisions relating to assessment of the taxable banking transactions and the banking cash transaction tax payable or refundable on the basis of such assessment. It further provides that no assessment shall be made after the expiry of two years from the end of the relevant financial

year. It also provides that the amount refunded to the assessee should be returned to the person from whom it was collected within the time laid down by rules.

*Clause 100* of the Bill provides for rectification of mistakes apparent from record of any order passed by the Assessing Officer within one year from the end of the financial year in which the order sought to be amended was passed. The Assessing Officer may rectify mistakes either *suo motu* or at the instance of the assessee. Further, any amendment which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the assessee shall be made only after giving the assessee a reasonable opportunity of being heard.

*Clause 101* of the Bill provides for payment of simple interest at the rate of one per cent. for every month or part of a month where the banking cash transaction tax collected is not credited to the account of the Central Government within the period specified in clause 97 .

*Clause 102* of the Bill provides for imposition of penalty on the scheduled bank responsible to collect banking cash transaction tax for its failure to collect the tax or for failure to credit the same to the account of the Central Government. The penalty would be a sum equal to the amount of the banking cash transaction tax not collected in a case where the assessee fails to collect whole or any part of the banking cash transaction tax. In other cases, such penalty imposed will be one thousand rupees for every day of failure to pay the banking cash transaction tax to the credit of the Central Government. However, the penalty imposable under this clause shall not exceed the amount of the banking cash transaction tax that was to be paid.

*Clause 103* of the Bill provides for penalty for failure to furnish return under clause 98. The penalty in such cases will be one hundred rupees for every day during which the failure continues.

*Clause 104* of the Bill relates to the penalty for failure to comply with notice. It provides that any assessee who fails to comply with notice issued under sub-clause (2) of clause 98, shall be liable to pay, by way of penalty, a sum of one hundred rupees for every day during which the failure continues.

*Clause 105* of the Bill provides that no penalty will be imposable under clause 102, clause 103 or clause 104 if the assessee proves that there was reasonable cause for the failure to comply with the provisions of the said clause.

It is further proposed that no order imposing a penalty under this Chapter shall be made unless the assessee has been given a reasonable opportunity of being heard.

*Clause 106* of the Bill provides that sections 120, 131, 133A, 156, 178, 220 to 227, 229, 232, 260A, 261, 262, 265 to 269, 278B, 282 and 288 to 293 of the Income-tax Act, 1961 which, *inter alia*, relate to issue of notice of demand, recovery and collection of tax, appeals to High Courts and the Supreme Court, appearance of authorised representatives, etc., will, so far as may be, apply in relation to banking cash transaction tax.

*Clause 107* of the Bill provides for an appeal to the Commissioner of Income-tax (Appeals) when the assessee denies its liability to be assessed under this Chapter or against any order passed under clause 99 or clause 100 by an Assessing Officer. This clause contains provisions relating to time-limit for filing appeal, etc., and provides that the provisions of sections 249 to 251 of the Income-tax Act, 1961 will, as far as may be, apply in such cases.

*Clause 108* of the Bill provides for appeal to the Appellate Tribunal against an order passed by a Commissioner of Income-tax (Appeals) under clause 107. This clause contains provisions relating to time-limit and procedure for filing appeal before the Appellate Tribunal. This clause also provides that where an appeal has been filed under this clause the provisions of sections 252 to 255 of the Income-tax Act, 1961 shall, as far as may be, apply.

*Clause 109* of the Bill provides for punishment, by way of imprisonment up to a period of three years and with fine, for submitting any statement in any verification, account or statement which is false. This clause also provides that an offence punishable under this clause shall be deemed to be non-cognisable within the meaning of the Code of Criminal Procedure, 1973.

*Clause 110* of the Bill provides that no prosecution shall be initiated for an offence under clause 109 except with the prior sanction of the Chief Commissioner of the Income-tax.

*Clause 111* of the Bill confers powers on the Central Government to make rules for the purposes of carrying out the provisions of this Chapter. This clause also provides that every rule made under this clause shall be laid before each House of Parliament.

*Clause 112* of the Bill confers power on the Central Government to issue orders for removal of any difficulty arising in giving effect to the provisions of this Chapter. This power is available to the Central Government for a period of two years from the date on which the provisions of this Chapter come into force i.e. from 1<sup>st</sup> June, 2005. Every order made under this clause shall be laid before each House of Parliament.

#### *Miscellaneous*

*Clause 113* seeks to amend the Government Savings Banks Act, 1873.

The said Act contains certain provisions relating to Government Savings Banks. Section 3 of the Act, *inter alia*, defines the expression "depositor". It is proposed to insert a proviso to the said definition so as to include individual investors only within the scope of definition of "depositor" on or after the date on which the Finance Bill, 2005 receives the assent of the President.

This amendment will take effect from the date on which the Bill receives the assent of the President.

*Clause 114* seeks to amend the Indian Stamp Act, 1899 by substituting a new section 8B to provide that the scheme of corporatisation and demutualisation of existing stock exchanges and instruments relating to such scheme would not be liable to stamp duty.

*Clause 115* seeks to amend section 2 of the Contingency Fund of India Act, 1950 relating to Contingency Fund.

It is proposed to enhance the corpus of the Contingency Fund of India from fifty crores of rupees to five hundred crores of rupees. The enhancement of the corpus of the Contingency Fund of India shall be effective from the date on which the Finance Bill, 2005 receives the assent of the President.

*Clause 116* seeks to substitute the Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957 by the Tenth Schedule.

*Clause 117* seeks to amend the Government Savings Certificates Act, 1959.

The said Act contains certain provisions relating to various savings certificates issued by the Central Government from time to time. Section 2 of the said Act defines various expressions used therein. It is proposed to define the expression "holder" so as to bring only an individual within the scope of "holder" in relation to savings certificates on or after the date on which the Finance Bill, 2005 receives the assent of the President. However, the amendment does not restrict investments made by juridical persons before the date on which the said Bill is enacted.

This amendment will take effect from the date on which the Bill receives the assent of the President.

*Clause 118* seeks to substitute the Schedule to the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 by the Eleventh Schedule.

*Clause 119* seeks to increase the rates of additional duty of customs and additional duty of excise on motor spirit commonly known as petrol.

*Clause 120* seeks to increase the rates of additional duty of customs and additional duty of excise on high speed diesel oil.

*Clause 121* seeks to amend section 10 of the Central Road Fund Act, 2000 for allocation of fifty paise out of per litre of the additional duties of customs or additional duties of excise the increased rate on motor spirit commonly known as petrol and high speed diesel oil levied as amended by clauses 119 and 120 of the Bill exclusively for the development and maintenance of highways. The additional duties of customs and additional duties of excise on petrol and diesel levied at the rates prior to the present amendment would continue to be allocated for different purposes as contained in sub-section (1) of section 10.

*Clause 122* seeks to substitute the Seventh Schedule to the Finance Act, 2001.

*Clause 123* seeks to amend the Finance Act, 2003 so as to extend the levy of National Calamity Contingent Duty on specified goods beyond 31st March, 2005, and also to abolish additional duty of customs and additional duty of excise on tea and tea waste.

*Clause 124* seeks to amend the Finance (No. 2) Act, 2004,—

Sub-clause (a) seeks to amend section 88 of the said Act so as to provide mechanism for the recovery of CENVAT credit of additional duty under the Additional Duties of Excise (Goods of Special Importance) Act, 1957 paid prior to 1.4.2000 and utilized for payment of CENVAT credit and interest thereon;

Sub-clause (b) seeks to amend section 94 of the Finance (No. 2) Act, 2004 so as to exclude the additional duty referred to in sub-section (5) of section 3 of the Customs Tariff Act, 1975 from the calculation of duties of customs in respect of Education Cess.

Sub-clause (c) seeks to amend section 98 of the Finance (No. 2) Act, 2004 relating to charge of securities transaction tax.

It is proposed to amend the Table below the said section which specifies the rates at which the securities transaction tax shall be charged.

The proposed amendments seek to enhance the rates of securities transaction tax from 0.075 per cent. to 0.1 per cent. in respect of the taxable securities transactions of the equity shares or units of equity oriented fund of the nature referred to in column (2) of the said Table against serial numbers 1 and 2 thereof. It is further proposed to enhance the rate of securities transaction tax from 0.015 per cent. to 0.02 per cent. in respect of the taxable securities transactions of the equity shares or units of equity oriented fund of the nature referred to in column (2) against serial number 3. It is also proposed to enhance the rate of securities transaction tax from 0.01 per cent. to 0.0133 per cent. in respect of taxable securities transactions of derivatives of the nature referred to in column (2) against serial number 4. It is also proposed to enhance the rate of securities transaction tax from 0.15 per cent. to 0.2 per cent. in respect of taxable securities transactions of the units of equity oriented fund of the nature referred to in column (2) against serial number 5.

The amendment proposed in sub-clause (c) will take effect from 1<sup>st</sup> June, 2005.