

Customs

Clause 85 seeks to amend clause (41) of section 2 of the Customs Act, 1962 so as to substitute the words, brackets and figures “sub-section (1) or sub-section (3) of section 14” for the words, brackets and figures “sub-section (1) of section 14”. The said amendment is of a consequential nature. The said clause shall come into force from such date as the Central Government may, by notification in the Official Gazette, appoint.

Clause 86 seeks to amend section 14 of the Customs Act, 1962 which relates to valuation of goods for the purposes of assessment. The existing sub-section (1) of section 14 is based on concept of the deemed value of goods, but sub-section (1A) of section 14 mandates that the price in respect of imported goods shall be determined in terms of the rules made in this behalf and the rules framed thereunder are based on the concept of “transaction value” as enshrined in the World Trade Organisation Valuation Agreement. Because of the inherent contradiction in the two concepts of “deemed value” and “transaction value”, practical difficulties are being faced in implementation of the valuation provisions of the Customs Act. There has been felt a need to substitute the concept of “deemed value” with the concept of “transaction value”.

Accordingly, it is proposed to substitute section 14 of the said Act with a view to provide that the value of the imported goods and export goods shall be the transaction value of such goods, as determined in accordance with the rules made in this behalf. It is further proposed to provide that the transaction value in the case of imported goods specified in sub-section (1) shall include any amount that the buyer is liable to pay for costs and services, including commissions and brokerage, assists, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, and handling charges. It is also proposed to provide that where there is no sale or the transaction value of the imported goods or export goods is not determinable, the value of such goods shall be determined in accordance with the rules made in this behalf. The said clause shall come into force from such date as the Central Government may, by notification in the Official Gazette, appoint.

Clause 87 seeks to amend section 27 of the Customs Act, 1962 with a view to insert a proviso in sub-section (1) of the said section which explains the relevant date for the purpose of refund of duty in consequence of judgment, decree, order or direction of the appellate authority, Appellate Tribunal or any court.

Clause 88 seeks to amend section 28E of the Customs Act, 1962 by inserting an *Explanation* in clause (c) relating to definition of ‘applicant’ so as to clarify that in the ‘joint venture in India’ at least one of the persons shall be a non-resident.

Clause 89 seeks to amend sub-section (2) of section 75A of the Customs Act. At present interest on erroneously paid drawback is chargeable at the rate fixed under section 28AA from the date after the expiry of two months from the date of demand till the date of recovery. The amendment proposes to charge interest for the period beginning from the date of payment of drawback to the claimant up to the date of recovery of such drawback from the claimant at the rate fixed under section 28AB. The interest shall be payable not only in cases of erroneous payment but also where drawback paid is otherwise recoverable under the Act or the rules made thereunder.

Clause 90 seeks to omit Chapter XA of the Customs Act, 1962 which deals with the special provisions relating to Special Economic Zones. The omission of the said Chapter was necessitated due to the enactment of the Special Economic Zones Act, 2005.

Clause 91 seeks to amend section 127A of the Customs Act by substituting clause (b) thereof with a view to provide that applicant can file an application before the Settlement Commission only in respect of the cases pending before the adjudicating authority. It further provides that in respect of the case referred back by the Appellate Tribunal, Court or any other authority to the adjudicating authority for fresh adjudication the applicant shall not be entitled to file an application.

Clause 92 seeks to amend section 127B of the Customs Act with a view to substitute sub-sections (1) and (1A) for the existing sub-section (1) so as to provide that the applicant shall be eligible to file an application in respect of the case in which he admits short levy on account of misclassification, under-valuation, inapplicability of exemption notification but not in respect of the goods not included in the Bill of entry or Shipping Bill, as the case may be. It further provides that while filing an application he shall deposit the additional amount of customs duty accepted by him along with the stipulated interest due thereon and it also proposes to enhance the minimum settlement amount from two lakh rupees to three lakh rupees. It also provides that in respect of an application filed before the 1st June, 2007, but pending issuance of an order by the Commission, the applicant pay the accepted duty by the 30th of June, 2007, failing which the application shall be rejected.

Clause 93 seeks to substitute section 127C of the Customs Act with a view to specify time limit at every stage for the disposal of the application filed before the Settlement Commission. It, *inter alia*, provides that in respect of an application filed on or before 31st May, 2007, the order shall be passed by 29th February, 2008 and in respect of the application made on or after 1st day of June, 2007, the order shall be passed within nine months of the application. It also provides that the amount of settlement ordered by the Commission shall in no case be less than duty liability admitted by the applicant. It further provides that the settlement amount shall be paid within 30 days of the receipt of the order and no extension for payment of settlement amount shall be granted by the Commission.

Clause 94 seeks to amend section 127E of the Customs Act with a view to insert a proviso to debar the Settlement Commission from re-opening the completed proceedings in respect of applications made on or the after 1st day of June, 2007.

Clause 95 seeks to amend section 127F of the Customs Act to make consequential changes in view of the amendments made in section 127C.

Clause 96 seeks to amend section 127H of the Customs Act with a view to debar the Settlement Commission from granting the immunity from prosecution for any offence under Indian Penal code or any other Central Act for the time being in force other than Customs Act. It also provides that the Settlement Commission shall not have the power to grant immunity from payment of interest as provided under this Act. It further provides that the applications pending before the Settlement commission on the 31st day of May, 2007 shall be decided in accordance with the existing provision.

Clause 97 seeks to amend section 127J of the Customs Act to make consequential changes in view of the amendments made in section 127C.

Clause 98 seeks to amend section 127 K of the Customs Act to make consequential changes in view of the amendments made in section 127C.

Clause 99 seeks to amend section 127L of the Customs Act with a view to provide that an applicant can apply for settlement

only once during his lifetime so that the scheme of settlement is not treated as a permanent amnesty scheme by the tax evaders. It also provides that in respect of cases involving identical recurring issue, the applicant can file application for settlement provided that his earlier application is pending before the Settlement Commission.

Clause 100 seeks to omit section 127MA of the Customs Act as it has outlived its utility with the passage of time.

Clause 101 seeks to amend section 129 of the Customs Act, 1962 so as to insert a new sub-section (6) therein with a view to debar the President, Vice-President or other Member of the Customs, Excise and Service Tax Appellate Tribunal from appearing, acting or pleading before the said Tribunal on ceasing to hold office.

Clause 102 seeks to amend section 129D of the Customs Act, so as to reduce the time available to Committee of Chief Commissioners and Commissioner to pass an order under sub-section (3), from one year to three months from the date of communication of the decision or order of the adjudicating authority and also to reduce the time available under sub-section (4) for authorised officer to file appeal before the Appellate Tribunal or the Commissioner (Appeals), as the case may be, from three months to one month with a view to expedite filing of appeal by the Central Government and to bring appeal period allowed to the Government at par with the period allowed to the assessee.

Clause 103 seeks to amend section 135 of the Customs Act, 1962 which prescribes the extent of penalty in terms of imprisonment and fine in respect of offences relating to evasion of any duty and violation of prohibitions imposed under the Customs Act or any other law for the time being in force.

It is proposed to amend section 135 so as to provide for penalty on the basis of value of goods and amount of the duty involved. It is proposed to provide the maximum punishment of seven years in respect of goods whose market price exceeds rupees one crore or cases involving duty evasion or fraudulent availing of drawback exceeding rupees thirty lakh. It is also proposed to amend section 135 to provide punishment for offences relating to prohibited goods. Further, the minimum punishment is proposed to be kept at one year in place of three years which could be relaxed by the court for reasons to be recorded in writing.

Clause 104 seeks to amend sub-section (2) of section 156 of the Customs Act, 1962 with a view to substitute clause (a) of sub-section (2) of the said section with new clauses (a) and (aa) so as to incorporate the rule making power with reference to the provisions of sub-section (1) and sub-section (3) of section 14 of the said Act. The said clause shall come into force from such date as the Central Government may, by notification in the Official Gazette, appoint.

Customs tariff

Clause 105 (i) seeks to amend the First Schedule to the Customs Tariff Act so as to,—

(1) reduce *ad valorem* rate of customs duty or the *ad valorem* component of customs duty, as the case may be, in respect of goods falling under the following Chapters, headings, sub-headings or tariff items, namely:—

Chapter 21 (2106 90), 22 (2207 10 and 2208), 25 (except 2510), 26 (2620 11 00, 2620 19 00, 2620 30 10 and 2620 30 90), 27 (except 2701 12 00, 2709 00 00, 2710, 2711, 2712, 2713, 2714, 2715 and 2716 00 00), 28 (except 2814), 29 (except 2905 43 00 and 2905 44 00), 30 (except 3006 60), 31 (except 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 and 3105 90), 32, 33

(except 3301 and 3302 10), 34, 35 (3506 and 3507), 36, 37, 38 (except 3809 10 00, 3818, 3823 and 3824 60), 39, 40 (except 4001 10, 4001 21 00, 4001 22 00, 4001 29 and 4011 30 00), 41 (except 4101, 4102 and 4103), 42, 43 (4302, 4303 and 4304), 44 (except 4401, 4402 and 4403), 45, 46, 47 (4707), 48, 49 (except 4902, 4904 00 00 and 4905), 50 (5004, 5005, 5006 and 5007), 51 (except 5101, 5102, 5103 and 5105 29 10), 52 (except 5201, 5202 and 5203 00 00), 53 (except 5301 and 5302), 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 78, 79, 80, 81, 82, 83, 84 (except 8407 21 00, 8443 32 10, 8443 32 20, 8443 32 30, 8443 32 40, 8443 32 50, 8443 32 60, 8443 32 90, 8443 99 10, 8443 99 20, 8443 99 30, 8443 99 40, 8443 99 51, 8443 99 52, 8443 99 59, 8456 90 10, 8469 00 10, 8470, 8471, 8473 21 00, 8473 29 00, 8473 30 and 8473 50 00), 85 (except 8517, 8519 50 00, 8523 52, 8523 59 10, 8523 80 20, 8525 60, 8531 20 00, 8532, 8533, 8534 00 00, 8540 40 00, 8541, 8542 31 00, 8542 32 00, 8542 33 00, 8542 90 00, 8543 10 10, 8543 70 11, 8544 70 10 and 8544 70 90), 86, 87 (except 8703, 8710 00 00 and 8711), 88 (except 8802 20 00, 8802 30 00, 8802 40 00, 8803 10 00, 8803 20 00 and 8803 30 00), 89, 90 (except 9013 80 10, 9013 90 10, 9026, 9027 20 00, 9027 30, 9027 50, 9027 80, 9030 40 00, 9030 82 00 and 9031 41 00), 91, 92, 93, 94, 95, 96, 97 (except 9704), 98 (except 9803 00 00);

(2) reduce the customs duty for preferential areas in respect of goods falling under the following Chapters, headings, sub-headings or tariff items, namely:—

Chapter 29 (2917 37 00, 2933 71 00, 2936, 2937, 2939 41, 2939 42 00, 2939 43 00, 2939 49 00, 2939 51 00, 2939 59 00 and 2941), 30 (3001, 3002, 3003 and 3004), 34 (3402 11, 3402 12 00, 3402 13 00 and 3402 19 00), 38 (3801 10 00, 3802 10 00, 3812 10 00, 3815 11 00 and 3815 12).

Sub-clause (ii) of the said clause also seeks to amend the Second Schedule to the Customs Tariff Act so as to,—

(1) replace the *ad valorem* plus specific rate of customs duty on iron ores, all sorts, with specific rate of customs duty on iron ores and concentrates, all sorts;

(2) replace the *ad valorem* rate of customs duty on specified chromite ores and concentrates with a specific rate on chromium ores and concentrates, all sorts.

Excise

Clause 106 seeks to amend sub-section (1) of section 3 of the Central Excise Act, 1944 with a view to omit the provisions relating to 'free trade zone' which have become redundant due to enactment of the Special Economic Zones Act, 2005. It is also proposed to amend clause (iii) of *Explanation 2* of said sub-section so as to substitute the meaning of 'Special Economic Zone' in the manner as is assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005.

Clause 107 seeks to insert new sub-clause (ec) in clause (B) of *Explanation* to section 11B of the Central Excise Act, with a view to define the relevant date for the purpose of refund of duty in consequence of judgment, decree, order or direction of appellate authority, Appellate Tribunal or any court.

Clause 108 seeks to amend section 23A of the Central Excise Act, 1944 by inserting an *Explanation* in clause (c) relating to definition of 'applicant' so as to clarify that in the 'joint venture in India' at least one of the persons shall be a non-resident.

Clause 109 seeks to amend section 31 of the Central Excise Act by substituting clause (c) thereof with a view to provide that applicant can file an application before the Settlement Commission only in respect of the case pending before the adjudicating

authority. It further provides that assessee in respect of the case referred back by the Appellate Tribunal, Court or any other authority to the adjudicating authority for fresh adjudication the assessee shall not be entitled to file an application.

Clause 110 seeks to amend section 32A of the Central Excise Act with a view to insert a proviso so as to empower the Chairman to constitute a Bench consisting of three Members and the senior among the Members shall act as the presiding officer of the Bench, if the Vice-Chairman is not one of the Members.

Clause 111 seeks to amend section 32E of the Central Excise Act with a view to substitute sub-sections (1) and (1A) for the existing sub-section (1) so as to provide that the applicant shall be eligible to file an application in respect of the case in which he admits short levy on account of misclassification, undervaluation, inapplicability of exemption notification or CENVAT credit but not in respect of the goods for which no proper record has been maintained by the assessee in his daily stock register. It further provides that while filing an application he shall deposit the additional amount of excise duty accepted by him along with the stipulated interest due thereon and it also proposes to enhance the minimum settlement amount from two lakh rupees to three lakh rupees. It also provides that in respect of an application filed before the 1st June, 2007, but pending issuance of an order by the Commission, the applicant pay the accepted duty by the 30th of June, 2007, failing which the application shall be rejected.

Clause 112 seeks to substitute section 32F of the Central Excise Act with a view to specify time limit at every stage for the disposal of the application filed before the Settlement Commission. It, *inter alia*, provides that in respect of an application filed on or before 31st May, 2007, the order shall be passed by 29th February, 2008 and in respect of the application made on or after 1st day of June, 2007, the order shall be passed within nine months of the application. It also provides that the amount of settlement ordered by the Commission shall in no case be less than duty liability admitted by the applicant. It further provides that the settlement amount shall be paid within 30 days of the receipt of the order and no extension for payment of settlement amount shall be granted by the Commission.

Clause 113 seeks to amend section 32H of the Central Excise Act with a view to insert a proviso to debar the Settlement Commission from re-opening the completed proceedings in respect of applications made on or after 1st day of June, 2007.

Clause 114 seeks to amend section 32-I with a view to make consequential changes in view of the amendments made in section 32F.

Clause 115 seeks to amend section 32K of the Central Excise Act with a view to debar the Settlement Commission from granting the immunity from prosecution for any offence under Indian Penal code or any Central Act for the time being in force other than Central Excise Act. It also provides that the Settlement Commission shall not have the power to grant immunity from payment of interest as provided under this Act. It further provides that the applications pending before the Settlement commission on the 31st day of May, 2007 shall be decided in accordance with the existing provision.

Clause 116 seeks to amend section 32M with a view to make consequential changes in view of the amendments made in section 32 F.

Clause 117 seeks to amend section 32N with a view to make consequential changes in view of the amendments made in section 32 F.

Clause 118 seeks to amend section 32-O with a view to provide that an assessee can apply for settlement only once during his lifetime so that the scheme of settlement is not treated as a permanent amnesty scheme by the tax evaders. It also provides that in respect of cases involving identical recurring issue, the applicant can file application for settlement provided that his earlier application is pending before the Settlement Commission.

Clause 119 seeks to omit section 32PA as it has outlived its utility with the passage of time.

Clause 120 seeks to amend section 35E of the Central Excise Act so as to reduce the time available to Committee of Chief Commissioners and Commissioner to pass an order under sub-section (3), from one year to three months from the date of communication of the decision or order of the adjudicating authority and also to reduce the time available under sub-section (4) for authorised officer to file appeal before the Appellate Tribunal or the Commissioner (Appeals), as the case may be, from three months to one month with a view to expedite filing of appeal by the Central Government and to bring appeal period allowed to the Government at par with the period allowed to the assessee.

Clause 121 seeks to amend section 35F of the Central Excise Act, 1944 so as to insert an *Explanation* therein with a view to widen the scope of expression "duty demanded" for the purpose of this section. The proposed amendment provides for inclusion of amount determined under section 11D; amount of erroneous CENVAT credit taken; amount payable under rule 57CC of Central Excise Rules, 1944; amount payable under rule 6 of CENVAT Credit Rules, 2001 or CENVAT Credit Rules, 2002 or CENVAT Credit Rules, 2004; interest payable under the provisions of this Act or the rules made thereunder; within the ambit of expression "duty demanded" in addition to the duty specified under section 3 of the said Act for the purpose of predeposit, pending appeal, under section 35F of the Act.

Clause 122 seeks to amend sub-section (4) of section 37 of the Central Excise Act, 1944 so as to reduce the penalty from ten thousand rupees to two thousand rupees to the manufacturer, producer or licensee for the reasons specified in the said sub-section. It also seeks to amend sub-section (5) of the said section so as to reduce the penalty from ten thousand rupees to two thousand rupees for possessing, transporting, removing, depositing, keeping, concealing, selling or purchasing any excisable goods which are liable to confiscation.

Clause 123 seeks to amend the Third Schedule to the Central Excise Act so as to insert, omit or amend certain items and entries—

(a) in Part I, with effect from 1st March, 2007; and.

(b) in Part II, from a date to be notified by the Central Government.

Excise tariff

Clause 124 seeks to amend First Schedule to the Central Excise Tariff Act so as to enhance the duty on various types of cigarettes falling under Chapter 24, to enhance the tariff rate on certain types of Cements falling under Chapter 25 from Rs 400 per tonne to Rs. 600 per tonne, to prescribe the tariff rate on all tariff items which cover nylon fishnet fabrics, fishnet twine and fishnet in Chapters 54 and 56 at 12%, to modify the tariff rate on televisions, monitors, etc., of all types falling under Chapter 85, from 16% or Rs. 34,000/- whichever is higher to 16%, and to enhance the tariff rate on aeroplanes, helicopters, other aircrafts and their parts falling under Chapter 88 from Nil to 16%.

Service tax

Clause 125 of the Bill seeks to amend Chapter V of the Finance Act, 1994 relating to service tax in the following manner, namely:—

Sub-clause (A) seeks to amend section 65, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, so as to,—

(a) define the terms — design services, development and supply of content, renting of immovable property, telecommunication service;

(b) specify the scope of the following taxable services — banking and other financial services, rent-a-cab scheme operator service, event management service, management, maintenance or repair service, management or business consultant's service, mandap keeper's service, pandal or shamiana contractor's service, consulting engineer's service, manpower recruitment or supply service, sale of space or time for advertisement service, telecommunication service, mining service, renting of immovable property service, services provided in the execution of a works contract, development and supply of content service, asset management including portfolio management and all forms of fund management service, design services;

Sub-clause (B) seeks to substitute section 66, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, so as to specify the following services as taxable services:

(a) telecommunication service,

(b) mining service,

(c) renting of immovable property service for use in the course or furtherance of business or commerce,

(d) services provided in the execution of a works contract, excluding works contract in respect of roads, airports, railways, transport terminals, bridges, tunnels and dams,

(e) development and supply of content service for use in telecommunication services, advertising agency services and on-line information and database access or retrieval services,

(f) asset management including portfolio management and all forms of fund management service, provided by any person (such service provided by a banking company or a financial institution including a non-banking financial company or any other body corporate or commercial concern is already specified as a taxable service)

(g) design services;

Sub-clause (C) seeks to amend sub-section (1) of section 70 so as to empower the Central Government to prescribe an amount to be paid by an assessee, if there is a delay in furnishing the prescribed return.

Sub-clause (D) seeks to amend section 83 so as to make applicable section 14AA and section 38A of the Central Excise Act, 1944 in relation to service tax.

Sub-clause (E) seeks to amend section 86 with a view to—

(i) insert sub-section (1A) to empower the Central Board of Excise and Customs constituted under the Central Boards of Revenue Act, 1963 (54 of 1963) to constitute Committees comprising two Chief Commissioners of Central Excise or two Commissioners of Central Excise;

(ii) amend sub-section (2) to substitute the word 'Board' with the words "Committee of Chief Commissioners of Central Excise" for the purpose of giving direction to the Commissioner of Central

Excise to file appeal to the Appellate Tribunal against the order passed by the Commissioner under section 73 or section 83A or section 84;

(iii) amend sub-section (2A) to substitute the word 'Commissioner of Central Excise' with the words "Committee of Commissioners of Central Excise" for the purpose of giving direction to any Central Excise Officer to file appeal to the Appellate Tribunal against the order passed by the Commissioner of Central Excise (Appeals) under section 85.

Sub-clause (F) seeks to amend sub-section (2) of section 94 so as to empower the Central Government to make rules to prescribe the form, manner and frequency of the returns to be furnished and the late fee for delayed furnishing of return by the assessee under section 70 of the Finance Act, 1994.

Sub-clause (G) seeks to amend section 95 so as to empower the Central Government to issue orders for removal of difficulty in case of implementing, classifying or assessing the value of any taxable service incorporated by the proposed legislation in this Chapter up to one year from the date of enactment of the Finance Bill, 2007.

Sub-clause (H) seeks to amend section 96A by inserting an *Explanation* in clause (b) relating to definition of 'applicant' so as to clarify that in the 'joint venture in India' at least one of the persons shall be a non-resident.

Secondary and Higher Education Cess

Clause 126 of the Bill provides for levy and collection of Secondary and Higher Education Cess as surcharge for purposes of the Union to finance secondary and higher education. The sums of money of the Secondary and Higher Education Cess levied under sub-section (1) of section 126 of Chapter VI may be utilised by the Central Government for the purposes of sub-section (2) of section 126 after due appropriation made by Parliament by law made in this behalf.

Clause 127 of the Bill provides that the words and expressions used in Chapter VI and defined in the Central Excise Act, 1944, the Customs Act, 1962 or Chapter V of the Finance Act, 1994, shall have the meanings respectively assigned to them in those Acts or Chapter, as the case may be.

Clause 128 of the Bill provides for Secondary and Higher Education Cess on excisable goods at the rate of one per cent., calculated on the aggregate of all duties of excise (including special duty of excise or any other duty of excise but excluding Education Cess and Secondary and Higher Education Cess on excisable goods) which are levied and collected by the Central Government in the Ministry of Finance (Department of Revenue), under the provisions of the Central Excise Act, 1944 or under any other law for the time being in force.

Clause 129 of the Bill provides for Secondary and Higher Education Cess on imported goods at the rate of one per cent., calculated on the aggregate of duties of customs which are levied and collected by the Central Government in the Ministry of Finance (Department of Revenue) under section 12 of the Customs Act, 1962 and any sum chargeable on such goods under any other law for the time being in force, as an addition to, and in the same manner as, a duty of customs, but not including, (a) the additional duty, (b) the safeguard duty, (c) the countervailing duty, and (d) the anti-dumping duty referred to in sections 3(5), 8B and 8C, 9 and 9A of the Customs Tariff Act, 1975 respectively and the Education Cess and Secondary and Higher Education Cess on imported goods.

Clause 130 of the Bill provides for Secondary and Higher Education Cess on taxable services at the rate of one per cent.,

calculated on the tax which is levied and collected under section 66 of the Finance Act, 1994.

Clause 131 seeks to amend section 93 and section 94 of the Finance (No. 2) Act, 2004 with a view also to exclude the proposed 'Secondary and Higher Education Cess' from the aggregate of all duties of excise and customs, respectively, as the bases for the purpose of calculating Education Cess. The proposed amendments are of consequential nature.

Miscellaneous

Clause 132 seeks to amend clause (iid) of section 14 of the Central Sales Tax Act, 1956 with a view to provide that the Aviation Turbine Fuel sold to an aircraft with a maximum take-off mass of less than forty thousand kilograms operated by scheduled airlines shall be included in the list of goods of special importance in inter-State trade or commerce, so as to rationalise this provision to cover all the similarly placed aircrafts, irrespective of whether they are Turbo-Prop or otherwise, with the object of improving air connectivity to remote parts of the country by restricting the rate of Sales Tax or Value Added Tax on Aviation Turbine Fuel sold to such small aircrafts. Further, it is proposed to provide an *Explanation* with a view to define the term "scheduled airlines".

Clause 133 seeks to amend the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957 so as to substitute the descriptions of goods related to tariff items 5211 20 50 and 5514 30 12, to harmonize the same with the First Schedule to the Customs Tariff Act.

Clause 134 seeks to amend section 94 in Chapter VII of the Finance Act, 2005, relating to Banking Cash Transaction Tax,

which contains definitions for the purposes of the said Chapter.

Clause (5) of the said section provides for the definition of the word "person", which includes an office or establishment of the Central Government or the Government of a State. But there are various schemes of the Central Government and State Governments where payments by way of cash cannot be avoided. So, it is proposed to exclude the offices or establishments of the Central Government and Governments of States from the purview of definition of "person" in the Banking Cash Transaction Tax.

Clause (8) of the said section defines 'taxable banking transaction'. Item (i) of sub-clause (a) of the said clause (8) provides that 'taxable banking transaction' means a transaction, being withdrawal of cash (by whatever mode) on any single day from an account (other than a savings bank account) maintained with any scheduled bank, exceeding twenty-five thousand rupees, in case such withdrawal is from the account maintained by any individual or Hindu undivided family. Similarly, item (i) of sub-clause (b) of the said clause (8) provides that 'taxable banking transaction' means a transaction, being receipt of cash from any scheduled bank on any single day on encashment of one or more term deposits, whether on maturity or otherwise, from that bank, exceeding twenty-five thousand rupees, in case such term deposit or deposits are in the name of any individual or Hindu undivided family. It is proposed to enhance the existing limit of taxable banking transaction from the present twenty-five thousand rupees to fifty thousand rupees.

These amendments will take effect from the 1st day of June, 2007.