

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE**

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**D.O.F.No.334/1/2008-TRU**  
New Delhi, dated the 29<sup>th</sup> February, 2008.

Dear Chief Commissioner/Commissioner,

The Finance Minister has introduced the Finance Bill, 2008 in Lok Sabha on 29<sup>th</sup> February, 2008. Changes in excise and customs duties have been made through the Finance Bill (clauses 63 to clause 84, clauses 117 and 120) and through Notification Nos.20/2008-Customs to 29/2008-Customs, 11/2008-Customs (NT), 2/2008-CE to 14/2008-CE, and 10/2008-CE (NT) to 14/2008-CE (NT), all dated 1st March, 2008. The salient features of these changes in respect of excise and customs duties are indicated below. A Chapter-wise summary of the changes is available in the Explanatory Notes. For full details, however, kindly refer to the relevant provisions of the Finance Bill and the notifications. Changes in rates of duty (except for items brought into the SSI exemption) take effect from the midnight of 29th February/ 1<sup>st</sup> of March, 2008. The legislative changes, except those declared under the Provisional Collection of Taxes Act, 1931 would come into effect only upon the enactment of the Finance Bill.

**I. CENTRAL EXCISE**

2. **General CENVAT Rate: (Notification No. 2/2008-CE)**

2.1 The general rate of excise duty (CENVAT) has been reduced from 16% to 14%. This reduction applies to all goods that hitherto attracted this general rate of 16%. In some cases, a deeper reduction has been made, the details of which are indicated in the subsequent paragraphs. These changes have been carried out by notification. The other *ad valorem* rates of 24%, 12% and 8% have been retained.

2.2 Since the reduction in the general rate has been carried out by notification, the possibility of the same product/ item being covered by more than one notification cannot be ruled out. In such a situation, the rate beneficial to the assessee would have to be extended if he fulfils the attendant conditions of the exemption.

3. **Drugs and Pharmaceuticals:**

3.1 Excise duty on drugs and pharmaceuticals falling under Heading Nos. 3001, 3003 (except Menthol crystals), 3004, 3005 and 3006 (except 3006 60 and 3006 92 00) has been

reduced from 16% to 8%. Thus, the general effective rate for all goods of Chapter 30 is now 8%. However, certain specified items such as life saving drugs continue to be fully exempt. Excise duty has been fully exempted on Anti-AIDS drug ATAZANAVIR, and bulk drugs for its manufacture.

3.2 Chief Commissioners are requested to send a monthly report regarding the price impact of these changes in the proforma at Annexure I.

4. **Automobiles:**

4.1 Excise duty on Small cars has been reduced from 16% to 12%. There is no change in the definition of small cars. Large cars will continue to attract duty at 24%. A concessional rate of duty of 14% has been provided for “Hybrid cars” driven by a combination of an internal combustion engine and an electric motor. The definition prescribed in the relevant notification may kindly be critically examined and if there are any suggestions for providing more clarity, the same may be conveyed to me at the earliest.

4.2 Electrically operated vehicles enjoy a concessional rate of duty of 8%. Of this category, full exemption has now been provided to Electric cars. Specified parts of electric cars have also been fully exempted on end-use basis. It may kindly be ensured that the exemption for parts/ components is monitored effectively and there is no misuse.

4.3 Excise duty on buses and vehicles for the transport of more than 13 persons has been reduced from 16% to 12%. Simultaneously, the duty on the chassis of such vehicles has also been brought down from ‘16% +Rs.10,000-’ to ‘12% +Rs.10,000/-.’

4.4 There is also a reduction in the excise duty on two-wheelers and three-wheelers (for the transport of upto 7 persons) from 16% to 12%.

4.5 Chief Commissioners may kindly send a monthly report on the price impact of these changes in the proforma at Annexure II.

5. **Food Processing Sector:**

5.1 Full exemption from excise duty has been provided to some more food products viz. tender coconut water; Paws, mudi (puffed rice) and the like; milk containing edible nuts and other ingredients; and Tea/ coffee pre-mixes containing tea/ coffee, milk and sugar.

5.2 On a few more food items - muesli, corn flakes & similar breakfast cereals; and ‘sharbats’, a concessional rate of duty of 8% has been provided.

5.3 On specified packaging material used mainly for packaging of processed foods, the rate of duty has been reduced from 16% to 8%. These items are: Open Top Sanitary (OTS) cans, aseptic packaging paper and aseptic bags.

5.4 There is already a full exemption for specified equipment for the installation of a cold storage, cold room or refrigerated vehicle, for the preservation, storage and transportation of agricultural produce on end-use basis. Another item has been added to this list.

6. **Information Technology & Communication sector**

6.1 Packaged software hitherto attracted excise duty of 8%. This has been enhanced to 12%. There is no change in the excise duty on other software. Excise duty has been fully exempted on Wireless data modem cards. Consequently, CVD shall also be exempted on imported cards. However, 4% additional duty of customs will be applicable.

6.2 Specified convergence products viz. MP3/ MP4/ MPEG4 player having video and audio reception facility have been provided a concessional excise duty of 8%.

7. **Paper and Paper products**

7.1 Excise duty on writing paper, printing paper and packing paper falling under heading nos. 4802, 4804, 4805, 4807, 4808 and 4810 has been reduced from 12% to 8%.

7.2 Excise duty has been fully exempted on paper and paper products, manufactured from non-conventional raw materials, upto first clearance of 3500 metric tonne in a year from a unit.

7.3 Excise duty on paper and paper products, manufactured from non-conventional raw materials, beyond clearance of 3500 metric tonne per year from a unit (not having an attached bamboo/wood pulp plant) has been reduced from 12% to 8%.

8. **Other Concessions:**

8.1 Excise duty has been fully exempted on composting machines and menthol/ menthol crystals.

8.2 Excise duty has been reduced from 16% to 8% on water filtration and purification devices, veneers & flush doors, heat resistant rubber tension tape and inks for writing instruments such as marker pens, highlighters, magic pens etc.

8.3.1 Excise duty on pan masala, not containing tobacco, with betel nut content not more than 15%, has been reduced from 16% to 8%. It has also been exempted from National Calamity Contingent Duty. The exemption is available subject to the fulfillment of certain conditions. The availment of this exemption may be closely monitored to prevent any misuse.

8.3.2 Monthly report in this regard may be sent as per proforma at Annexure-III.

9. **Cement:**

9.1 Excise duty has been revised on bulk cement from Rs.400 per tonne to “ 14% or Rs. 400 per tonne, whichever is higher”. However, there is no change in the rates of duty applicable to cement manufactured and cleared in bulk by mini-cement plants.

9.2 Excise duty has been increased on cement clinkers from Rs.350 per tonne to Rs. 450 per tonne.

10. **Cigarettes:**

10.1 Excise duty rates on non-filter cigarettes have been enhanced to bring them at par with filter cigarettes of corresponding length. The revised rates of excise duty (basic + NCCD + Health Cess) on non-filter cigarettes are as under:

S. No.	Description	From	To
	Non-filter cigarettes	(Rs per 1000)	
1.	Not exceeding 60 mm in length	168	819
2.	Exceeding 60 mm but not exceeding 70 mm in length	546	1323

Enhancement of duties (basic + NCCD + Health Cess) has been made through suitable schedule entries in the Finance Bill, which are covered by the declaration under the Provisional Collection of Taxes Act, 1931. A report regarding the price and revenue impact of these changes may kindly be sent in the proforma at Annexure VI.

11. **Petroleum**

11.1 The duty rates on MS/HSD intended for sale without a brand name have been converted from ‘ad valorem + specific rate’ to pure ‘specific rate’ as under:

S. No.	Description	From	To
1.	Motor Spirit	6% + Rs.13 per litre	Rs.14.35 per litre
2.	HSD	6% + Rs.3.25 per litre	Rs. 4. 60 per litre

11.2 The duty rates on branded fuels would continue to attract the present ad valorem cum specific rates i.e. as under:

- a) Motor Spirit : 6% + Rs.13 per litre
- b) HSD : 6% + Rs. 3.25 per litre

12. **NCCD: (Clause 117 of the Finance Bill, 2008)**

12.1 National Calamity Contingent duty (NCCD) at the rate of 1% has been imposed on mobile phones. The CENVAT Credit Rules have been amended to provide that input or capital goods credit of other duties of excise cannot be utilized for the payment of this NCCD.

12.2 NCCD of 1% hitherto leviable on Polyester filament yarn has been withdrawn. Suitable bill entries have been incorporated in the Finance Bill to delete this item from the NCCD Schedule. Till the enactment of the Finance Bill, however, an exemption notification has been issued.

13. **Export Oriented Units:**

13.1 The effective rate of duty applicable to clearances of goods to domestic tariff area from export oriented units, software technology parks, electronic hardware technology parks etc. has been revised from '25% of the basic customs duty + excise duty payable on like goods' to '50% of the basic customs duty + excise duty payable on like goods'.

14. **SSI Exemption:**

14.1 General SSI exemption has been extended to HDPE/ PP tapes consumed captively in the manufacture of sacks/ bags. **This change will come into effect from 1<sup>st</sup> April, 2008.**

15. **Miscellaneous**

15.1 Excise duty exemption on "shuttle-less looms" has been withdrawn. These goods will now attract 8% excise duty/CVD.

15.2 Consequent upon reduction of excise duty rates, abatement rates allowed from maximum retail sales price for various items have been suitably reduced. [notification No.14/2008-CE (NT) refers].

15.3 Notification No. 108/95-CE dated 28.08.1995 exempts, among other things, goods supplied to projects funded by the U.N. or other international organizations subject to the fulfillment of certain conditions. For the removal of doubts, an explanation has been inserted in the notification to clarify that the benefit is available to goods brought into a project that are not withdrawn by the supplier or the contractor. The intention is to clarify that the exemption is not available to goods brought for temporary use in a project. It has also been provided that the expression "goods are required for the execution of the project" shall be construed accordingly. While extending the benefit of this exemption, the field formations may ensure that essentiality certificates issued by the sponsoring authority take into account this clarification. A similar explanation has been inserted in the corresponding Customs Notification No. 84/97-Cusltoms dated 11.11.1997.

15.4 Notification No. 49/2003-CE dated 10.6.2003 provides exemption to specified goods manufactured by new units or units undertaking substantial expansion in the State of Uttarakhand or Himachal Pradesh. The goods or activities to which this exemption is applicable are specified in the schedule. Entry at Sl. No. 13 of the schedule has been amended so as to provide exemption to printers and monitors capable of connecting to a computer or network.

15.5 Some editorial changes have been carried out in the First Schedule to the Central Excise Tariff Act through a notification issued under section 5 (1) of the said Act. The details are as under:

- (i) Section 2(f) (iii) of Central Excise Act contains definition of “deemed manufacture”. Similarly, the Notes in some of the chapters of the Tariff also define certain processes as amounting to “manufacture”. In respect of the processes of labeling and relabelling and packing/repacking, the definitions in the chapter notes are not aligned with the definition contained in Section 2(f) (iii). The chapter notes have been amended suitably.
- (ii) The First Schedule of the Central Excise Tariff Act has been amended so as to align entries related to parts and accessories of printers falling under heading 8443 of the Excise Tariff with the corresponding entries in the Schedule to the Customs Tariff.

15.6 Sl. No. 7 of Notification No. 64/95-CE dated 16.3.1995 provides exemption to goods meant for use in the launch vehicle project or a satellite project of ISRO. Inadvertently, the description of goods in Col. 2 was printed under Col. 3 pertaining to conditions. This has now been rectified.

## **II. CUSTOMS**

### **16. Export Duty: (Clause 72 (ii) of the Finance Bill)**

16.1 The rate of Export duty on chromium ores and concentrates, all sorts, has been increased from Rs.2000 PMT to Rs.3000 PMT. Chief Commissioners may kindly send a monthly report about the quantity and value of exports as well as revenue collection in the proforma at Annexure IV.

### **17. Project Imports:**

17.1 Basic customs duty on project imports attracting 7.5% has been reduced to 5%. This would apply to industrial projects; power transmission, sub-transmission and distribution projects; power transmission projects of 66KV and above; as well as certain projects notified under heading no.9801 such as airport development projects, metro rail projects, port development projects, railway electrification projects, digital cinema development projects etc.

### **18. Chemicals & Petrochemicals:**

18.1 Basic customs duty on crude and unrefined sulphur has been reduced from 5% to 2%.

18.2 The general effective rate of basic customs duty on phosphoric acid has been 7.5% with a concessional rate of 5% for phosphoric acid used for the manufacture of fertilizers.

The rate of duty has now been unified at 5% irrespective of its use. CVD will however continue to be attracted at applicable rates.

18.3 Basic customs duty exemption presently available on naphtha for manufacture of specified polymers has been withdrawn and consequently it will attract 5% basic customs duty.

19. **Export Promotion:**

19.1 Basic customs duty has been reduced from 10% to 5% on unworked or simply prepared corals.

19.2 Basic customs duty has been reduced on rough cubic zirconia from 5% to Nil and on cubic zirconia (polished) from 10% to 5%. Chief Commissioners may kindly send a monthly report about the volume of imports of these items at these concessional rates in the proforma at Annexure V.

19.3 Basic customs duty on tuna bait has been reduced from 30% to Nil.

19.4 Basic customs duty on specified machinery for manufacture of sports goods for export has been reduced from 7.5% to 5% subject to specified conditions.

19.5 Basic customs duty has been reduced from 10% to Nil on specified raw materials for manufacture of sports goods for exports. The exemption would be available only upto 3% of FOB value of exports made by the importer in the preceding year and would be subject to certification by the Sports Goods Export Promotion Council.

20. **Dairy/Poultry:**

20.1 Basic customs duty has been reduced from 7.5% to Nil on bactofuges and from 30% to 20% on feed additives/pre-mixes.

21. **IT/Electronic industry:**

21.1 A concessional duty of 5% (basic) is already available to certain electronic products such as MP3 and MPEG4 players. This concession has now been extended to “convergence products” i.e. MP3/ MP4 and MPEG player having audio and video reception facility.

21.2 Similarly, full exemption from basic customs duty is available to a large number of raw materials/ inputs for manufacture of specified electronic/ IT products to provide a level playing field to the domestic manufacturers of such products. This concession is now being extended to more raw materials and inputs.

21.3 Set-top boxes are fully exempt from basic customs duty. Specified parts for the manufacture of set-top boxes are also exempt from customs duty, on end-use basis. Two more items viz. SMPS power board and IR module have been added to the list of exempted parts.

22. **Drugs and diagnostic kits:**

22.1 Basic customs duty on six specified drugs/kits, and bulk drugs for their manufacture, has been reduced from 10% to 5% with Nil CVD by way of excise duty exemption. These drugs are used in the treatment of cancer/diabetes/asthma/Hepatitis B etc.

22.2 Specified raw materials and components for the manufacture of ELISA kits enjoy a concessional duty of 5% (basic). The coverage of the list has been expanded to include four more items.

23. **Metals:**

23.1 Basic customs duty on iron or steel melting scrap and aluminium scrap has been reduced from 5% to Nil. Vigil may kindly be maintained to prevent any misuse of these exemptions.

24. **NCCD:**

24.1 National Calamity Contingent duty of 1% currently leviable on Polyester filament yarn has been withdrawn.

24.2 NCCD of 1% has been imposed on mobile phones. For this purpose, the relevant Schedule of the Finance Act, 2001 has been amended. On imported mobile phones this duty shall be collected as additional duty of customs under section 3(1) of the Customs Tariff Act.

25. **Other relief measures:**

25.1 Basic customs duty on specified raw materials for tyre industry has been reduced from 10% to 5%.

25.2 Basic customs duty on helicopter simulators has been reduced from 10% to Nil.

26. **Tobacco products:** Basic customs duty on cigars, cheroots and cigarillos has been increased from 30% to 60%.

27. **4% Additional Duty of Customs:** Exemption from additional duty of customs of 4% levied under section 3(5) of Customs Tariff Act, 1975 has been withdrawn from power generation projects (other than mega power projects), transmission, sub-transmission and distribution projects, and specified goods for high voltage transmission projects.

28. **Electricity:** Tariff rate of Rs.2000 per 1000 kWh has been prescribed on 'electrical energy'. However, the effective rate will continue to be Nil by notification.



29. **Miscellaneous:**

29.1 Temporary imports of capital goods/ equipment for use in the execution of contracts in India can avail of concession under two different provisions- drawback under section 74 (2) of the Customs Act or exemption under notification no.27/2002-Customs dated 1.3.2002. In the first case, the importer pays normal duty at the time of import and claims drawback at the time of re-export. In the other case, he pays a concessional rate of duty at the time of import. However, the admissible period of retention of equipment and the extent of exemption under these schemes have been at variance. The two provisions have now been aligned in the following manner:

- (i) The period for re-export of leased equipment and machinery, imported for temporary use in contracts under notification no. 27/2002-Customs dated 1.3.2002 has been increased from 12 months to 18 months. Simultaneously, the period of retention prescribed under notification no.19/65-Customs dated 6.2.1965 has been reduced (for all goods covered by S.No.1 of the notification) from 36 months to 18 months.
- (ii) The slab rates of duty under both the provisions have now been prescribed on a quarterly basis. Earlier, the rates under notification no.27/2002 were prescribed on half-yearly basis.
- (iii) The rates have also been aligned with the rates of drawback admissible under section 74(2) of the Customs Act, 1962, depending on the period of retention of the goods in India. No drawback will be admissible when goods for which the benefit of notification no.27/2002-Customs has been claimed, are re-exported.

29.3 Concessional customs duty of 5% provided on polymer long rod insulators has been restricted to polymer long rod insulators of 765 KV rating only.

29.4 Basic customs duty and CVD on 0.177 calibre airguns have been exempted. Consequently, 4% special additional duty of customs shall also be exempted on these airguns.

29.5 Sl. No. 349 of Notification No. 21/2002-Customs dated 1.3.2002 exempts specified goods imported for the launch of satellites and payloads into outer space by the Department of Space. The description of the goods covered by the exemption has been amended to add 'ground equipment brought for testing'. A condition has also been inserted to prescribe that such goods would be re-exported.

29.6 Sl. No. 347 of notification No. 21/2002-Customs dated 1.3.2002 provides exemption to aircrafts imported by Aero Club of India, or by a flying training institute. Inadvertently, the condition No. indicated in the notification as 103, which is also the condition No. provided for entry No. 77A of the notification. This has now been rectified by renumbering the said condition as '103A'.

30. **Other amendments in Customs Act and Central Excise Act:**

**[To come into effect on enactment of Finance Bill, 2008, unless otherwise specified]**

- a) Section 2 of the Central Excise Act, 1944 is being amended to insert an explanation in clause (d) to provide that for the purposes of this clause, “goods” include any article, material or substance which is capable of being bought and sold for a consideration and such goods shall be deemed to be marketable.
- b) Section 3A is being inserted in the Central Excise Act, 1944 empowering the Central Government to charge excise duty on the basis of capacity of production in respect of notified goods, and to notify the procedure for the same.
- c) Section 11B of the Central Excise Act, 1944 is being amended to provide for the refund of interest paid on any duty of excise.
- d) According to the provisions of Section 11D of the Central Excise Act, 1944, a person liable to pay duty is required to deposit with the Central Government any amount that he collects as representing duty of excise in excess of the duty assessed or determined and paid on any excisable goods. As such, recovery of amounts collected in this manner is possible only from persons who are liable to pay duty. Sub-section (1A) has now been inserted to enable the Central Government to recover such amounts from **any person**. Besides, it has also been provided that any person who recovers an amount representing it as duty of excise on excisable goods, which are wholly exempt or chargeable to Nil rate of duty, would also be required to deposit it with the Central Government. Consequential amendments have been carried out in section 11 DD to enable recovery of interest on such amounts if they are not deposited in time. The analogous provision contained in section 28 B of the Customs Act has also been amended in the same manner.
- e) Orders passed in appeal by Commissioner (Appeals) are currently examined by a Committee consisting of two Commissioners of Central Excise under section 35B of the Central Excise Act, 1944. This provision does not cover a situation where there is a difference of opinion between the two Commissioners about the filing of appeal against the appellate order. It is now being provided that the Committee would refer such cases to the jurisdictional Chief Commissioner specifying the points of difference so that he may decide whether or not to accept the appellate order. A similar amendment has been carried out in section 129A of the Customs Act.
- f) Orders passed in appeal by a Commissioner of Central Excise are currently reviewed by a Committee consisting of two Chief Commissioners of Central Excise under section 35E of the Central Excise Act, 1944. This provision does not cover a situation where there is a difference of opinion between the two Chief Commissioners about the filing of appeal against the order in original. It is now being provided that the Committee would refer such cases to the Board specifying

the points of difference so that the Board may decide whether or not to appeal against the order to the Tribunal. A similar amendment has been carried out in section 129D of the Customs Act.

- g) Section 35FF is being inserted in the Central Excise Act, 1944 to provide for payment of interest on pre-deposits made by appellants who succeed in appeal, if the amount of pre-deposit is not refunded within three months from the date of communication of the order of the appellate authority to the adjudicating authority. A similar provision (Section 129 EE) is being inserted in the Customs Act, 1962.
- h) Note 16 of Chapter 39 to the Central Excise Tariff Act, 1985 is being amended to specify that the process of lamination or of lacquering shall also amount to manufacture in addition to the process of metallization.
- i) Section 108 of the Customs Act, 1962 is being amended to give all customs officers powers to issue summons.
- j) Section 117 of the Customs Act, 1962 is being amended to increase the maximum amount of penalty from the existing ten thousand rupees to one lakh rupees.
- k) Section 141 of the Customs Act, 1962 is being amended to regulate the manner in which the imported or export goods may be received, stored, delivered, dispatched or otherwise handled in a customs area by any person and to specify by regulations the responsibilities of person engaged in the aforesaid activities.
- l) Section 158 of the Customs Act, 1962 is being amended to increase the maximum amount of penalty from five hundred rupees to fifty thousand rupees for contravention of any of the rules, and from two hundred rupees to fifty thousand rupees for contravention of regulations.

31. **Amendment in Rules:**

- a) Rule 18 of the Central Excise (No.2) Rules, 2001 is being amended to allow with retrospective effect, rebate of duty paid on excisable goods cleared from the factory for exports.
- b) Rule 12 of the Central Excise Rules, 1944 is being amended to allow with retrospective effect, rebate of duty paid on excisable goods cleared from the factory for exports.
- c) Rule 18 of the Central Excise Rules, 2002 is being amended to allow with retrospective effect, rebate of duty paid on excisable goods cleared from the factory for exports.
- d) The CENVAT Credit Rules, 2004 are being amended to bring in the following significant changes:

- (i) Rule 3 [except sub-rule (4)] is being amended to allow removal of capital goods outside the premises of the provider of the output service without any time restriction, if the same is for providing output service. This change shall come into effect from 1<sup>st</sup> April, 2008.
- (ii) Sub-rule (4) of Rule 3 is being amended to provide that in case of National Calamity Contingent duty (NCCD) payable on mobile phones, credit of any duty of excise other than NCCD will not be utilized for payment of the said NCCD. This change shall come into effect from 1<sup>st</sup> March, 2008.
- (iii) Rule 6 is being amended to provide,-
- Following options to a manufacturer, using common inputs or input services for manufacture of dutiable as well as exempted goods and opting not to maintain separate accounts. Such manufacturers can:
    - either reverse the credit attributable (to be worked out in a manner prescribed in the rule) to the inputs and input services used in the manufacture of exempted goods; or
    - pay 10% amount of the value (to be determined in accordance with the provision of section 4/4A of the Central Excise Act, 1944) of the exempted goods.
  - Following options to a provider of output services, using common inputs or input services for providing taxable as well as exempted services and opting not to maintain separate accounts. Such provider of output services can,-
    - either reverse the credit attributable (to be worked out in a manner prescribed in the rule) to the inputs and input services used for providing exempted service; or
    - pay 8% amount of the value (determined in terms of section 67 of the Finance Act, 1994) of the exempted services.

This change shall come into effect from 1<sup>st</sup> April, 2008.

- iv) A new rule 7A is being inserted to prescribe a procedure to enable the provider of output services to take credit on inputs and capital goods on the basis of an invoice/challan/bill issued by its other office. This change shall come into effect from 1<sup>st</sup> April, 2008.
- v) A new rule 15A is being inserted to provide for general penalty upto Rs.5000/- in case of contravention of any of the provisions of the

CENVAT Rules, 2004, for which no specific penal provision exists. This change shall come into effect from 1<sup>st</sup> March, 2008.

- e) The Central Excise (Determination of Retail Sale Price of Excisable Goods) Rules, 2008 are being issued under section 4A(4) of the Central Excise Act, 1944 to provide the manner for determination of retail sale price, where the same is not declared on the packages or tampered or altered or obliterated. This change shall come into effect from 1<sup>st</sup> March, 2008.

## 32. Revenue Foregone/ Tax Expenditure Statement

32.1 The revenue foregone or Tax Expenditure Statement, published as part of the Receipts Budget, contains information that is critical both for formulating tax policy as well as for administration of tax laws by the field formations. The insight it provides into the pattern of tax expenditure can be a useful input for designing appropriate policy interventions and for tightening administrative control where needed. It is crucial, therefore, that the statement is based on clean, reliable and comprehensive data. Although the data coverage in customs has been fairly satisfactory and stable, on the excise side both completeness and accuracy are still an issue. May I request you to kindly ensure that data from Excise returns is captured in a timely and accurate manner and on a regular basis by the Commissionerates so that the figures of tax expenditure may be computed with greater precision.

## 33. General

33.1 You may kindly study the budgetary changes carefully and indicate your views, comments and suggestions on their implementation. It is necessary to ensure that the implementation of the proposed changes is smooth and causes no inconvenience to the taxpayers. Special efforts should be made to guide the taxpayers to understand and adopt these changes. The Departmental Officers should also be appropriately briefed on these changes.

33.2 In a number of cases, excise duty rates have been altered. It has been decided to collect data on the price behaviour, revenue implication, volume and value of clearances/ imports etc. as indicated in the foregoing paras. This information may kindly be furnished in the relevant proforma attached with this letter as per the time-lines indicated therein. **These reports need to be consolidated at the office of the Chief Commissioner, and the Chief Commissioner should send a consolidated report in respect of all the Commissionerates under his charge. All reports should be sent in excel sheet, and a copy be e-mailed to 'datatru@gmail.com'** You may kindly ensure that the information furnished is accurate since reliance will be placed on this data at the time of discussion of the Finance Bill in Parliament.

33.3 Compilation of statistical reports is admittedly an arduous and resource-heavy exercise. I would request you, therefore, to discontinue forthwith the post-budget reports prescribed after the last budget (2007-08), except on iron ore.

33.4 All rate changes in customs and excise duties are explained in the Explanatory Notes. You would appreciate that number of changes have been carried out through amendments in notifications, rules and Acts. Though every care has been taken to reflect the intention of the Government clearly in all these documents, the chances of human error cannot be ruled out. I would, therefore, request you to kindly go through the explanatory notes, notifications and Finance Bill carefully and bring to our notice at the earliest any omission/error that might have crept in. If there is any doubt or difficulty on any issue, you are requested to bring it immediately to my notice or to the notice of Shri Ravinder Saroop, Director, TRU (Tel No. 23092236) or Ms. Limatula Yaden, Deputy Secretary, TRU (Tel No.23092753). Copies of the FM's speech, notifications, Finance Bill etc. are forwarded herewith. These will also be available on the department's website soon after the conclusion of FM's speech.

34. In conclusion, I would like to take this opportunity to personally thank each one of you on behalf of my team for your suggestions and feedback. These have been valuable in giving a final shape to our proposals.

With regards,

Yours sincerely,

(Vivek Johri)

To

All Chief Commissioners/Directors Generals/  
Commissioners of Customs, Central Excise and Service Tax

**Annexure –I**  
**(Refer para 3.2)**

**Data on clearances (excluding exports) and duty paid on drugs.**

(A) Name of the Commissionerate:

(1) Name of the manufacturer :

S. No	Name of the Product	Unit of packing	For the Month of February, 2008				For the Month of March, 2008			
			MRP of unit packing (in Rs.)	Rs. in crore			MRP of unit packing (in Rs.)	Rs. in crore		
				Total assessable value of clearance during the month	PLA	Cenvat		Total assessable value of clearance during the month	PLA	Cenvat
1										
2										
3										
4										
5										
6										
7										

- (i) Information needed for each unit separately. Whether manufacturer is loan licensee or contract manufacturer should be also mentioned.
- (ii) This report should be sent so as to reach latest by 10<sup>th</sup> April, 2008. While submitting report for the subsequent Month (April, 2008, May, 2008 etc), the report for that particular month should only be furnished in the above format.

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**ANNEXURE-II**  
**(Para 4.5)**

**Data on clearances (excluding exports) and duty paid on vehicles**

Name of the Zone:

Name of the Manufacturer :

S. No	Motor Vehicle (i.e. Bus, Car, Motorcycle, etc)	Vehicle Model (with variant)	For the Month of _____, 2008						
			Ex-factory Price (Rs. Lacs)	Ex-Show-room price (Rs. Lacs)	Total Domestic Qty Cleared (No.s)	Total Assessable Value (Rs. Lacs)	Total duty paid (Rs. Lacs)	PLA (Rs. Lacs)	CENV AT (Rs. Lacs)
1									
2									
3									

Note :

1. The report is to be sent on monthly basis. The first report should, however, cover the months of February 2008 and March, 2008, giving separate figures for each month.
2. Report for a particular month should reach by 10<sup>th</sup> of the succeeding month.
3. It is requested that the information may be compiled at the zonal level and forwarded to TRU after due checking/verification.
4. Information is needed for each of the vehicle model with variants separately (for instance, information would be needed separately for Maruti 800 Standard and Maruti 800 Deluxe).

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**Annexure-III**  
**(Refer Para 8.3.2)**

1. Name of the units under their jurisdiction manufacturing any or all of the following products:

(i) pan masala containing tobacco falling under CETH 2403 99 90

(ii) Pan masala without tobacco falling under CETH 2106 90 20

(a) Containing not more than 15% betel content, falling under S.No.29B of 3/2006-Central Excise as amended vide 3/2008-CE

(b) Containing more than 15% betel content pan masala

2. Duty paid under PLA and CENVAT under all the aforesaid products by these units.

Monthly data may be provided in the following format:

S. No	Name of the Unit	Product	Value of Clearances (In Rs. Crores)	Duty paid (In Rs. Lakhs)			
				For the month		Upto the month	
			Upto the month	PLA	CENVAT	PLA	CENVAT
1.		(i)					
		(ii) (a)					
		(ii) (b)					
2.		(i)					
		(ii) (a)					
		(ii) (b)					
3.							

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**Annexure-IV**  
(Para 16.1)

**Data on Export of Chromium Ores & Concentrates:**

Name of the Zone .....

For the Month of ....., 2008

Type	Quantity (in lakh MT)		Value (in Rs. crore)		Customs duty (in Rs. crore)	
	For the month	Upto the month	For the month	Upto the month	For the month	Upto the month
Chromium ores						
Chromium concentrates						
Others						

Note:

1. The report is to be sent on monthly basis. The first report should, however, cover the months of February 2008 and March, 2008, giving separate figures for each month.
2. Report for a particular month should reach by 10<sup>th</sup> of the succeeding month.
3. It is requested that the information may be compiled at the zonal level and forwarded to TRU after due checking/verification.

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**Annexure-V**  
**(Para 16.2)**

**Data regarding import of Rough Cubic Zirconia and Polished Cubic Zirconia**

Name of the Zone :

Item imported : Rough Cubic Zirconia

Report for the Month :

Sr No.	Quantity imported	Total Assessable Value (Rs. in Lacs)

Item imported : Polished Cubic Zirconia

Report for the Month :

Sr No.	Quantity imported	Total Assessable Value (Rs. in Lacs)	Total Basic Customs duty collected (Rs. in Lacs)	Total import duties collected (Rs. in Lacs)

**Note :**

1. The first report should be sent for the months of February, 2008 and March, 2008 and should reach before 10<sup>th</sup> April, 2008.
2. For subsequent Months (May, June, 2008 etc), the report should be sent for that particular month only.

**Annexure VI**  
**(Para 10.1)**

**Price data for cigarettes**

S. No	Tariff items	Name of the Brand	Packet size	MRP per packet	
				As on 29.02.2008	As on *
1.	2402 20 10				
2.	2402 20 20				
3.	2402 20 30				
4.	2402 20 40				
5.	2402 20 50				
6.	2402 20 90				

\* May be furnished at fortnightly intervals upto 30<sup>th</sup> April and monthly interval thereafter upto 31.7.2008

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