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From: Circulars <circulars@chemexcil.net>
Sent: Friday, July 05, 2019 3:38 PM
To: deepak.gupta@chemexcil.gov.in
Subject: UNION BUDGET 2019-20 Key Highlights & provisions for Chemicals sector

CHEMEXCIL

Basic Chemicals, Cosmetics & Dyes Export Promotion Council

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EPC/LIC/BUDGET/2019-20

5th July 2019

ALL THE MEMBERS OF THE COUNCIL

UNION BUDGET 2019-20

Key Highlights & provisions for Chemicals sector

Dear Members,

As you are aware, **Union Budget 2019-20** has been presented on July 5, 2019 by **Hon'ble Minister of Finance - Smt. Nirmala Sitharaman**.

This budget provides impetus to governments programmes on Village, poor and farmers, women empowerment, renewable green/energy, infrastructure development, boosting FDI, digitization, revival of banking sector etc.

Key Highlights/ Indicators of Union Budget 2019-20

➤ From \$1.85 trillion in 2014, the economy has reached \$ 2.7 trillion. Likely to reach to reach \$ 5

trillion in the next few years

- Fiscal deficit target has been cut from 3.4% to 3.3%.
- Bharat Mala 2.0 to focus on states to build their road networks
- Corporate tax rate of 25 % for all companies with turnover of upto Rs 400 crore per year
- Interchangeability of PAN and AADHAR.
- PSU banks to be infused Rs. 70000 crores to strengthen their lending capacity
- Simplified return form for GST registered businesses in the offing

For Small businesses/MSMEs

- To extend pension benefit to three crore retail traders with an annual turnover less than Rs 1.5 crore under Pradhan Mantri Karam Yogi Man Dan Scheme
- Centre will create a payment platform for MSMEs for payment of bills
- 100 new clusters will be set up in 2019-20 to enable 50,000 artisans to come into the economic value chain
- To launch mission to integrate traditional artisans and creative persons with global market; to obtain GI/patents for them
- Will set up 10,000 new farmer producer organisations
- To start television programme exclusively for startup
- Proposes to expand self-help groups to all districts; one woman in every SHG to get a loan up to Rs 1 lakh under Mudra Yojana
- Startups who provide details in returns will have no scrutiny in respect of valuation of share premium
- Period of exemption from capital gains from sale of startups extended

DETAILS OF INDIRECT TAXATION PROPOSALS RELATED TO CHEMICALS/ PETROCHEMICALS

Chapter 15

(I) The end use-based exemption on goods, **having free fatty acid (FFA) 20% or more**, is being withdrawn.

Chapter -27

- The effective rate of Additional Duty of Customs levied on imported **Motor Spirit [Petrol] and High Speed Diesel Oil** [commonly known as

Road and Infrastructure Cess] is being increased from Rs. 8 per litre to Rs. 9 per litre. These changes will come into force with immediate effect

- **A nominal BCD of Re. 1 per tonne is being imposed on imported Petroleum crude** falling under tariff item 2709 00 00. Presently the tariff item 2709 00 00 is exempt from BCD
- **BCD on Naphtha falling** under heading 2710 is being reduced from 5% to 4%

Chapter 29

- **Basic Custom Duty on Ethylene dichloride (EDC)],** falling under tariff item 29031500 is being reduced from 2% to Nil.
- **Basic Custom Duty on Methyloxirane (Propylene Oxide),** falling tariff item 29102000 is being reduced from 7.5% to 5%.
- The end use-based exemption on goods falling under **sub-heading 291570** is being withdrawn .

Chapter 38

- The end use-based exemption on goods falling under **oleo-chemicals tariff items 38231100, 38231200, 38231300, 38231900** is being withdrawn.
- S. Nos. 249A and 250A of notification No. 50/2017-*Customs* dated 30th June, 2017, are being amended so as to include all goods under the tariff items 3822 00 90 and 382499 90 respectively within the ambit of these entries.

AMENDMENTS TO THE CUSTOMS TARIFF ACT, 1975

S. No.	Amendment
A	Amendment in the Customs Tariff Act, 1975
1	Amendment to the section 9 so as to insert sub-section (1A) to provide for anti-circumvention measure in respect of countervailing duty.
2	Amendment to section 9C of the Customs Tariff Act, 1975 so as to provide appeal provisions against determination of safeguard duties to allow appeal against determination of safeguard duty by designated authority with CESTAT.

B	Amendment in the First Schedule of the Customs Tariff Act, 1975
1	First Schedule to the Customs Tariff Act, 1975 is amended to: (i) Create specific tariff lines for specific products, presently classified as “others”; (ii) Rectify the errors to align it with HSN.
2	Amendment in Chapter Notes to Chapter 98, so as to exclude Printed books imported for personal use from the purview of Chapter 98. Printed books imported for personal use will now attract applicable duty.

MAJOR AMENDMENTS IN THE CUSTOMS ACT, 1962

S. No.	Amendment
A	For facilitating trade
1	Allowing furnishing of departure manifest by a person notified by the Central Government [section 41].
B	For improving compliance
2	Introducing provisions for verification of Aadhar or any other identity and other compliance by a person for protecting the interests of revenue or to prevent smuggling [New section 99B]
3	Provision to enable the proper officer to scan or screen, with the prior approval, any person who has any goods liable to confiscation secreted inside his body and to enable the magistrate to take action upon the report of scanning by the proper officer [Section 103].
4	Empowering proper officer of customs to arrest a person who has committed an offence outside India or Indian Customs waters and to make certain offences as cognizable and non-bailable [section 104]
5	(a) Empowering the proper officer to provisionally attach any bank account for safeguarding the government revenue and prevention of smuggling [section 110]. (b) Providing powers to release bank account provisionally attached under section 110 on fulfilment of certain conditions [section 110A].
6	Provide for penalty on any person who has obtained any instrument by fraud, collusion, wilful misstatement or suppression of facts which is utilised for payment of duty [New section 114 AB]
7	Provide for making the offence punishable if the instrument obtained by fraud, collusion, wilful misstatement or suppression of facts, is used for making payment of duty exceeding 50 lakh rupees [section 135]
8	Enhancing maximum penalty to (a) Rs 4 lakh for violation of provisions of the Act; (b) Rs 2 lakh for violation of Rules or Regulation [section 158]
C	For reducing litigation
9	Providing for that in respect of cases covered under deemed closure proceedings under section 28, no fine in lieu of confiscation shall be imposed on the infringing goods [section 125].

Sabka Vishwas Legacy Dispute Resolution Scheme

A dispute resolution cum amnesty scheme called “the Sabka Vishwas Legacy Dispute Resolution Scheme, 2019” is being introduced for resolution and settlement of legacy cases of Central Excise and Service Tax.

The proposed Scheme covers past disputes of taxes which have got subsumed in GST namely Central Excise, Service Tax and Cesses. All persons are eligible to avail the scheme except a few exclusions including as those convicted under the act in the case for which he intends to make declaration and those who have filed an application before the Settlement Commission. The relief under the scheme varies from forty percent to seventy percent of the tax dues for cases other than voluntary disclosure cases, depending on the amount of tax dues involved. The scheme also provides relief from payment of interest and penalty. For voluntary disclosures, the relief is regarding waiver of interest and penalty on payment of full tax dues disclosed. The person discharged under the scheme shall also not be liable for prosecution.

You are requested to take note of the above provisions. The original budget documents/ notifications are available for download using below links-

<https://www.indiabudget.gov.in/bh.php>

<https://www.indiabudget.gov.in/keytoBudDoc.php>

<https://www.indiabudget.gov.in/ccen.php>

<https://www.indiabudget.gov.in/doc/cen/dojstru1.pdf>

We also look forward to your feed-back on the provisions of the Union Budget 2019-20. The same can be mailed to us on ed@chemexcil.gov.in & deepak.gupta@chemexcil.gov.in .

Thanking You,

Yours faithfully,

S.G Bharadi
Executive Director
CHEMEXCIL