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Strategic Regions Tax Newsletter

Deloitte Tohmatsu Tax Co.

Vol.39 March 2014

India

India Interim Budget 2014

Interim budget for the financial year 2014-15 was presented by the Finance Minister in the Indian Parliament on 17 February 2014. The regular budget for the same year is expected to be presented in the month of June or July after the new federal government will take charge by May end.

On the direct tax front, the Finance Minister did not propose any changes. However, the 'super rich' surcharge of 10% for individuals and domestic companies earning more than INR 10Million and INR 100Million respectively and for foreign companies earning more than INR100Million @ 5% has been continued. This 'super rich' surcharge was brought in last for one year only.

On the indirect tax front, the Finance Minister proposed certain reform measures. Excise duty, which is a tax on manufacture of goods, is reduced on all mobile phones and cellular devices. The rate of excise duty on all mobile handsets has been reduced to 6% (if CENVAT credit is availed) and 1% (if CENVAT credit is not availed). CENVAT is the credit of input duties. Earlier, mobile handsets having a retail sale price exceeding INR 2,000 were subject to excise duty @ 6% and other low-priced mobile handsets attracted 1% excise duty.

To encourage the manufacturing sector in the country, the excise duty on various capital goods and consumer durables, such as, nuclear reactors, boilers, turbines, engines, pumps, air-conditioners, refrigerators, television sets, transformers, generators, etc. has been reduced from 12% to 10%. This duty cut is valid till 30 June 2014.

To boost the automobile sector, excise duty has been significantly reduced, but for a short period till 30 June 2014. The excise duty on small cars, motorcycles, scooters etc. has been reduced from 12% to 8%; excise duty on SUVs has been reduced from 30% to 24%; duty rate on large and mid-segment cars has been reduced from 27/24% to 24/20%; and the duty rate on various chassis and trailers has also been reduced.

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Contacts

Deloitte Tohmatsu Tax Co.

HQ･Tokyo Office

Shin-Tokyo Building 5F, 3-3-1, Marunouchi, Chiyoda-ku, Tokyo 100-8305, Japan

TEL： +81-3-6213-3800

email： tax.cs@tohmatsu.co.jp

URL： www.deloitte.com/jp