

Gulliver's Travel

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After going through the fine print of the Finance Bill, 2016 and various Notifications relating to Central Excise and Service Tax, a friend of my mine said that it appear our Hon'ble Finance Minister does not like traveling. I was perplexed and asked him what makes him to think in that manner and pat came the reply "The gentleman has increased duties/taxes on anything that moves" . What he intended was that duties and taxes were increased on many aspects related to travel.

First, the Basic Excise Duty rate on aviation turbine fuel (ATF) falling under Chapter sub-heading No.2710 19 20 of the CETA, was increased from 8% to 14% which will operate thorough the Tariff. This, of course, increases the burden on the Airlines providing air travel to passengers who **TRAVEL**. Eventually the Airlines would pass on the additional tax cost to the passengers thereby making their **TRAVEL** dearer and costlier.

Second, by virtue of Notification No.1/2016-Infrastructure Cess, dated 01.03.2016, with effect from the said date, an Infrastructure Cess, as a duty of excise has been imposed on motor vehicles falling under Chapter Heading 8703 of the Central Excise Tariff Act, 1985 in terms of which 1% Cess on Petrol/LPC/CNG driven motor vehicles of length not exceeding 4m and engine capacity not exceeding 1200 cc; 2.5% on Diesel driven motor vehicles of length not exceeding 4m and engine capacity of not exceeding 1500CC and 4% on all categories of motor vehicles other than the above mentioned two categories of vehicles and that without CENVAT Credit. The auto manufacturing companies would eventually pass on the additional tax cost to the customers. In other words, this Cess will of course put burden on all those people who wants to buy the above categorized automobile for **TRAVEL**.

Third, the Negative List Entry that covers "service of transportation of passengers, with or without accompanied belongings, by a stage carriage" under Section 66 D (o)(i) of the Finance Act, 1994, as amended is proposed to be omitted with effect from 01.06.2016. It is a well known fact that only State run Road Transport Corporations are entitled to get a Stage Carriage permission by which they can run bus services for general public from one place to another. By way of an entry in sl.no.23 of Notification No.25/2012-S.T., dated 20.06.2012, as amended a new clause has been inserted in terms of which exemption from Service Tax has been provided for "(bb) stage carriage other than air-conditioned stage carriage". In other words, this subtle change in law will put burden on all those people who prefer an air-conditioned bus for **TRAVEL**.

Fourth, exemption under sl.no.23(c) of Notification No.25/2012-S.T., dated 20.06.2012 on transport of passengers, with or without belongings, by ropeway, cable car or aerial tramway has been with drawn vide sl.no.(ix)B of

Notification No.9/2016-S.T., dated 01.03.2016. This will be increased cost for those holidaying to exotic locations where quality 'selfie' time spend on such ropeways/ cable cars has been the norm of the day. In other words, this would again increase cost on people who wants to **TRAVEL**.

Fifth, by an amendment to Sl.no.11 of Notification No.26/2012-S.T., dated 20.06.2012 by Notification No.8/2016-Service Tax, dated 01.03.2016 the abatement of 40% was brought down to 30% in respect of a service provided by a tour operator thereby increasing the burden on people who wants to **TRAVEL**.

Finally, it is proposed to levy a Cess christened as "**Krishi Kalyan Cess**" with effect from 01.06.2016 on any or all taxable services at the rate of 0.5% on the value of such services which *inter alia* include travel by air, rail and bus and this will be an additional cost for people who wants to **TRAVEL**.

Before parting, perhaps the intention of the Hon'ble Minister is that he does not want the people to become **Lemuel Gulliver** who lamented that that travel is his love and that it is his downfall.

(Disclaimer: This is only an attempt to bring out various changes that have been effected by the Union Budget 2016 in a funny manner and without malice towards any one.)