



Clarification to the queries of Members of Indian Corrugated Box Manufacturers Association, Mumbai on GST dated 24.07.2017

To	Members of Indian Corrugated Box Manufacturers Association, Mumbai
From	Rohit Kumar Singh, Dipak Tiwary - Karvy Data Management Services Ltd.
Date	July 24, 2017
Subject	Impact of GST on corrugated box industry

Query 3: From Mr Ramesh, The South India Paper Mills:

In pre GST we were charging “Cess on Paper” at the rate of 0.125% ad Valorem leviable under the Industries (Development and Regulation) Act, 1951.

Under GST regime whether the said “Cess on paper” at the rate of 0.125% ad valorem will continue or it has been abolished.

If abolished where it has been notified.

Answer: Central Government has abolished various cess levied on goods and services in the last three general budgets 2015-16, 2016-17 & 2017-18 and recently through Taxation Laws Amendment Act 2017 dated 05.05.2017 wherein many cesses which were being levied along with excise duty were cancelled. Section 18 of the Taxation Laws Amendment Act 2017 narrates such cancellation provision in reference to the enactments specified in the third schedule of the same Act.

In the third schedule of Taxation Laws Amendment Act 2017, section 9 of The Industries (Development and Regulation) Act 1951 has been repealed.

Section 9 of the Industries (Development and Regulation) Act 1951 narrates provision for levy of cess on scheduled industries.

Below is the screen short of the relevant provision of the Taxation Laws Amendment Act 2017 (**Third Schedule**) & Industries (Development and Regulation) Act 1951 (**Section 9**)

Taxation Laws Amendment Act 2017 (Third Schedule):

THE THIRD SCHEDULE

(See section 15)

Year	No.	Short title of enactments	Extent of repeal
(1)	(2)	(3)	(4)
1947	24	The Rubber Act, 1947	Clause (b) of sub-section (1) of section 9 and section 12
1951	65	The Industries (Development and Regulation) Act, 1951	Section 9

Industries (Development and Regulation) Act 1951 (Section 9):

9. Imposition of cess on scheduled industries in certain cases - (1) There may be levied and collected as a cess for the purposes of this Act on all goods manufactured or produced in any such scheduled industry as may be specified in this behalf by the Central Government by notified order a duty of excise at such rate as may be specified in the notified order, and different rates may be specified for different goods or different classes of goods:

Provided that no such rate shall in any case exceed two annas per cent of the value of the goods.

Explanation.- In this sub-section, the expression Avalue@ in relation to any goods shall be deemed to be the wholesale cash price for which such goods of the like kind and quality are sold or are capable of being sold for delivery at the place of manufacture and at the time of their removal therefrom, without any abatement or deduction whatever except trade discount and the amount of duty then payable.

We believe, cess levied on paper @ 0.125% falls in the ambit of Section 9 of The Industries (Development and Regulation) Act 1951 and the same has been abolished through the third schedule of Taxation Laws Amendment Act 2017.

However, the following cesses will continue to be levied under the GST regime since they pertain to customs or goods which are not covered under the GST regime:

- The Finance (2) Act 2004 – Education Cess on Imported Goods
- The Finance Act, 2007 – Secondary and Higher Education Cess on Imported Goods
- Cess on Crude Petroleum Oil under the Oil Industry Development Act, 1974
- Additional Duty of Excise on Motor Spirit (Road Cess)

- Additional Duty of Excise on High Speed Diesel Oil (Road Cess)
- Special Additional Duty of Excise on Motor Spirit
- NCCD on Tobacco and Tobacco Products and Crude Petroleum Oil

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