

## INDIRECT TAXES UPDATE - 11

### EXCISE DUTY

#### Components, spares and accessories of motor vehicles, dumpers or tippers used for providing prescribed taxable services eligible for CENVAT credit as capital goods

Rule 2(a) of the CENVAT Credit Rules, 2004 has been amended so as to provide that components, spares and accessories of motor vehicles, dumpers or tippers, as the case may be, used to provide the prescribed taxable services would be treated as capital goods.

*Note: Dumpers or tippers used for providing site preparation and clearance, excavation, earth moving and demolition services and mining services were included in the list of capital goods eligible for CENVAT credit vide Notification No. 25/2010 CE(NT) dated 22.06.2010.*

*[Notification No. 29/2010 CE (NT) dated 24.09.2010]*

#### Processing of Departmental litigation before the Courts to be streamlined

*Circular No. 935/25/2010 CX dated 21.09.2010* has been issued so as to streamline the procedures relating to processing of departmental litigation before the Supreme Court, High Courts and CESTAT. The Board has taken a serious note of the matter that more than 50% of the proposals received by it suffer from infirmities including delays beyond limitation period. It has been decided to fasten accountability wherever SLP/Civil Appeal Proposal is received by the Board without observance of due procedure or with infirmities or later than the prescribed time frame. The field formations have been directed to scrupulously follow the instructions contained in this circular.

### CUSTOMS

#### Significant changes made by the Foreign Trade Policy 2009-14

*Circular No. 38 /2010-Cus. dated 27.09.2010* has been issued to explain the salient features of the changes made by the Annual Supplement to the Foreign Trade Policy (FTP), 2009-2014 and the Handbook of Procedures (Vol.I) notified by the DGFT vide *Notification No. 1(RE-2010)/2009-2014 dated 23<sup>th</sup> August 2010* and *Public Notice 1(RE-2010)/2009-14 dated 23<sup>th</sup> August 2010* respectively. The Department of Revenue has since issued *Notification Nos.88/2010-Cus, 89/2010-Cus & 90/2010-Cus all dated 01.09.2010, 91/2010-Cus dated 06.09.2010, 92/2010-Cus dated 10.09.2010, 93/2010-Cus dated 14.09.2010 & 97/2010-Cus dated 21.09.2010* to implement the Policy and the Handbook.

### SERVICE TAX

### Monetary limits of adjudication under section 73 revised

The monetary limits for adjudication of penalty by Central Excise Officers have been revised by the Central Board of Excise and Customs vide *Notification No. 48/2010 ST dated 08.09.2010*. Under the revised limits, Superintendents have been empowered to adjudicate cases involving service tax upto Rs. 1 lakh in a show cause notice. Similar monetary limits for the purpose of adjudication under section 73 have been prescribed vide *Circular No. 130/12/2010 ST dated 20.09.2010*.

Further, in respect of the above powers of adjudication conferred on the Superintendents, the following has been clarified vide the circular:

- (i) The Superintendents would be competent to decide cases that involve service tax and / or CENVAT credit upto Rs. one lakh in individual show cause notices.
- (ii) They would not be competent to decide cases that involve taxability of services, valuation of services, eligibility of exemption and cases involving suppression of facts, fraud, collusion, willful mis-statement etc.
- (iii) They would be competent to decide cases involving wrong avilment of CENVAT credit upto a monetary limit of Rs. one lakh.

*[Circular No. 130/12/2010 ST dated 20.09.2010]*

*The complete text of above notification and circulars are available at [www.cbec.gov.in](http://www.cbec.gov.in)*

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