

INDIRECT TAXES UPDATE -36

SERVICE TAX

Client threshing of tobacco and client processing of raw cashew to recover kernels thereof not liable to service tax

Notification No. 14/2004-ST dated 10.09.2004 inter-alia exempts business auxiliary service in relation to processing of goods for, or on behalf of the clients when provided 'in relation to agriculture'. It has been clarified that the following are covered within the expression 'in relation to agriculture' and thus are eligible for exemption provided in *Notification No. 14/2004-ST dated 10.09.2004*:

- (i) process of threshing and drying of tobacco leaves and thereafter packing the same; and
- (ii) processing of raw cashew involving roasting/drying, shelling and peeling of raw cashew to recover kernel

The Board has clarified that tobacco or raw cashew, which are subject to client processing retain their essential characteristics at the output stage and therefore the processes undertaken on behalf of client should be considered as covered by the expression 'in relation to agriculture'.

Further, it has been clarified that where the commission agents stationed abroad provide business auxiliary service to promote the export of rice, said business auxiliary service is covered by *Notification 13/2003-ST* (as amended) because, the word 'rice' is mentioned under the explanation to the term 'agricultural produce', in the inclusive portion along with other items like cereals, pulses, etc.

[Circular No. 143/12/2011 – ST dated 26.05.2011]

CUSTOMS DUTY

Adjudicating powers of the Customs Officers revised

CBEC has revised the monetary limits for adjudication of cases by different grades of customs officers as under:

- (a) **Adjudication of cases where show cause notices are issued under section 28 of the Customs Act, 1962:**

Level of Adjudication Officer	Nature of cases	Amount of duty involved
Commissioner	All cases	Without limit
Additional Commissioner / Joint Commissioner	All Cases	Upto Rs.50 lakhs
Assistant Commissioner / Deputy Commissioner	All cases	Upto Rs. 5 lakhs

(b) Adjudication of cases under Rule 16 of the Customs, Central Excise and Service Tax Drawback Rules, 1995

Level of Adjudication Officer	Amount of Drawback
<i>(i) Simple demand of erroneously paid drawback</i>	
Assistant / Deputy Commissioner of Customs	Without any limit
<i>(ii) Cases involving collusion, wilful misstatement or suppression of facts etc.</i>	
Additional / Joint Commissioner of Customs	Without any limit
Deputy / Assistant Commissioner of Customs	Upto Rs.5 lakhs

(c) Adjudication of Export Promotion Schemes i.e. DEPB / Advance Authorization / DFIA / Reward Schemes etc.

Level of Adjudication Officer	Duty Incentive amount
Commissioner of Customs.	Without any limit.
Additional / Joint Commissioner of Customs.	Upto Rs.50 lakhs.
Deputy / Assistant Commissioner of Customs.	Upto Rs.5 lakhs.

However, in cases where personal hearing has been completed, orders will be passed by adjudicating authority before whom the personal hearing has been held, normally within a month of date of completion of the personal hearing.

[Circular No. 24/ 2011 - Cus. dated 26.05.2011]

The complete text of the above circular is available at www.cbec.gov.in.

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Feedback

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