

SERVICE TAX

Outdoor Catering Service provided by a registered NGO under Mid-Day Meal scheme exempted retrospectively from service tax

The exemption from service tax was granted to outdoor catering services provided by a Non Government Organization registered under any Central Act or State Act under the Centrally assisted Mid-Day Meal Scheme vide *Notification No. 47/2010 ST dated 03.09.2010* from September 3rd, 2010.

The Government has now extended the exemption for the said service retrospectively for the period between 10.09.2004 to 02.09.2010.

[Ad Hoc Order No 2/2/2011 ST dated 8.8.2011 and CBEC F.No.137/94/2010-CX.4 dated 9.8.2011]

Service Tax on CISF - Retrospective Exemption

There was a lack of clarity regarding the leviability of service tax on the security services provided by Central Industrial Security Force (CISF) when the Security agency's services were brought under service tax net with effect from 16.10.1998. The doubts arose as CISF was a government agency, and also because the recipients of the said services were Public Sector Undertakings in which Government had a stake. However, subsequently, it was decided that the services provided by CISF to Public Sector Undertakings and State Governments were liable to service tax and thereafter CISF started paying service tax from 01.04.2009.

The Government has now exempted the taxable service provided to any person by CISF in relation to 'Security Agency's service' during the period 16.10.1998 to 31.03.2009 from the whole of the service tax leviable thereon.

[Ad Hoc Order No 1/1/2011 ST dated 1.6.2011]

Escort Charges collected by State Police from Banks for escorting cash are liable to service tax

CBEC has clarified that escort charges collected by the State Police from banks for escorting cash are leviable to service tax under 'Security Agency service' under section 65(105)(w) of the Finance Act, 1944.

[CBEC F. No. 137/131/2010 – CX 4 dated 20.5.2011]

Revised Concept Paper on Taxation of Services Based on Negative List

CBEC had issued a Concept Paper on Taxation of Services Based on a Negative List on August 31, 2011 and sought feedback on the same from all stakeholders. Based upon the feedback received, the Board has now issued the Revised Concept Paper and placed the same in the public domain to seek views and feedback on this revised concept paper. Any comments, suggestions or feedback may be sent by December 15, 2011 to Shri Shobhit Jain, OSD (TRU) at shobhit.jain@nic.in, Tel: 011-23095590; Fax: 011-23093037.

The taxation of services based on a Negative List has received an overwhelming support. However, the opinion of all stake holders seems divided with respect to the timing of introduction of Negative list. Some feel that it should be introduced at the time of GST, while there are others who feel that the introduction of Negative List should be done independently of the GST.

The revised Concept Paper has been drafted to consider all the relevant issues that may arise if the Negative List is to be introduced either under the existing regime of taxation or at the time of GST. The definition of service has not been changed though reference has been made to the charging section which carries essence of all suggestions in respect of definition of service. Following major deletions from the negative list have been made in the revised Concept paper:

1. Services provided directly in relation to agriculture, horticulture and animal husbandry
2. Transport of goods to a destination outside India
3. Services provided by individuals serving on government councils and commissions and supply of goods carriage with driver
4. Services by religious entities, political parties, decorations and awards have also been taken off as they are rendered by persons who may not be engaged in "economic activities".

CUSTOMS

Request for provisional assessment of duty can now be made even by an importer/exporter

Central Board of Excise and Customs has issued new Customs (Provisional Duty Assessment) Regulations, 2011. The new regulations provide that duty can be provisionally assessed by the proper officer if an importer/exporter is unable to make self-assessment under section 17(1) of the Customs Act, 1962 or if the proper officer is not able to verify the self-assessment or make re-assessment of the duty on the

imported/export goods.

The importer/exporter will have to execute a bond of an amount equal to the difference between the duty that may be finally assessed or re-assessed and the provisional duty and deposit twenty per cent of the provisional duty with the proper officer. The proper officer may require the bond to be executed along with such surety or security, or both. Any contravention to these regulations would attract penalty which may extend to Rs.50,000.

[Notification No. 81/2011 Cus (NT) dated 25.11.2011]

EXCISE

Appeal admitted by the High Court against Vandana Global case

The Bilaspur Bench of the Chattisgarh High Court has admitted an appeal against the order of CESTAT in the famous Vandana Global case.

The Larger Bench of the CESTAT has held in the Vandana Global case that goods like cement and steel items used for laying 'foundation' and for building 'supporting structures' cannot be treated either as inputs for capital goods or as inputs in relation to the final products and therefore, no credit of duty paid on the same can be allowed under the CENVAT Credit Rules for the impugned period.

SEZ Policy and Operating Framework - Discussion Paper

The Board has issued a discussion paper on SEZ Policy to facilitate Stakeholder Consultation on Potential Reform of the SEZ Policy and operating framework. Ministry of Commerce has requested for actionable responses from stakeholders by way of suggestions for possible reform of the SEZ framework on various issues like reasons for lack of spread of SEZs, constraints in manufacturing investments under the SEZ scheme, reasons for lack of operationalization of many approved SEZs, categories of SEZs to be envisaged etc. The discussion paper contains the objectives and challenges of SEZ sector.

Source: www.cbec.gov.in and www.taxindiaonline.com

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Feedback

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Please email idthc@icai.org for feedback.

You can also write to:

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