

SERVICE TAX

Clarification on taxability of profit/revenue sharing arrangement in case of distribution of films & exhibition of movies

CBEC has clarified the taxability of profit/revenue sharing arrangement in case of distribution of films and exhibition of movies in the following manner:

1. Where the arrangement between the distributor/sub-distributor/area distributor and the movie exhibitor/theatre owner in exhibiting the film produced by the producer (the original copyright holder) is on principal to principal basis, service tax liability would be as under:
 - (a) If the movie is exhibited by theatre owner or exhibitor on his account - i.e., the copyrights are temporarily transferred - Service tax would be levied under copyright service to be provided by distributor or sub-distributor or area distributor or producer etc., as the case may be.
 - (b) If the movie is exhibited on behalf of distributor or sub-distributor or area distributor or producer etc. i.e., no copyrights are temporarily transferred - Service tax would be levied under business support service/renting of immovable property service, as the case may be, to be provided by theatre owner or exhibitor.
2. Where the arrangement between the distributor/sub-distributor/area distributor and the movie exhibitor/theatre owner is on unincorporated partnership/joint collaboration basis, services provided by each of the person i.e., the 'new entity'/theatre owner or exhibitor/distributor or sub-distributor or area distributor or producer etc. as the case may be, would be liable to service tax based on the nature of transaction under applicable service head.

[Circular No. 148/17/2011-ST dated 13.12.2011]

CBEC prescribes the documents to be submitted along with the application of service tax registration

The following documents have been prescribed by the CBEC to be submitted along with the application for registration under service tax:

- (a) Copy of Permanent Account Number (PAN)
- (b) Proof of Residence

(c) Constitution of the Applicant

(d) Power of Attorney in respect of authorized person (s).

The above documents must be submitted within a period of 15 days from the date of filing of the application, otherwise the application may be rejected. The time limit of seven days within which the registration is to be granted by the Superintendent of Central Excise/Service Tax would be reckoned from the date the application for registration is complete in all respects.

[Order no. 2/2011 - ST dated 13.12.2011 - F.No. 137/120/2011 - ST]

CENTRAL EXCISE

Export procedures for Nepal amended

With effect from 01.03.2012, the procedures prescribed for export under claim for rebate vide *Notification No. 19/2004 CE (NT) dated 06.09.2004* and export without payment of duty under bond vide *Notifications Nos. 42 to 44/2001 CE (NT) all dated 26.06.2001* would apply to Nepal as well. This has been done in view of the revised treaty between India and Nepal. CBEC has issued *Notifications Nos. 24-29 CE (NT) all dated 05.12.2011* to give effect to this amendment.

As per the existing provisions, procedures prescribed for export under claim for rebate vide *Notification No. 19/2004 CE (NT) dated 06.09.2004* and export without payment of duty under bond vide *Notifications Nos. 42 to 44/2001 CE (NT) all dated 26.06.2001* apply to countries other than Nepal and Bhutan. For Nepal and Bhutan separate procedures are prescribed for export under claim for rebate vide *Notification No. 20/2004 CE (NT) dated 06.09.2004* and export without payment of duty under bond vide *Notification No. 45/2001 CE (NT) dated 26.06.2001*.

[Notifications Nos. 24-29 CE (NT) all dated 05.12.2011]

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Feedback

The Indirect Taxes Update is an endeavour of the Indirect Taxes Committee to apprise the readers about

the amendments made in various central indirect tax laws vide significant notifications, circulars etc. We welcome your feedback on the Update and its contents.

Please email jdtc@icai.org for feedback.

You can also write to:

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