

## INDIRECT TAXES UPDATE - 96

### SERVICE TAX

#### CBEC notifies Service Tax Voluntary Compliance Encouragement Rules, 2013

Service Tax Voluntary Compliance Encouragement Scheme, 2013 (STVCES) has been introduced by the Finance Act, 2013 to encourage the voluntary compliance and broaden the tax base in Service Tax.

In continuation of the scheme, Service Tax Voluntary Compliance Encouragement Rules, 2013 have been issued vide *Notification No. 10/2013 dated 13<sup>th</sup> May 2013* to provide that :

- (i) In case the person making the declaration under the scheme is not registered [Rule 4 of Service Tax Rules, 1994 (STR)], then he would require to get himself registered before making the declaration.
- (ii) The declaration shall be made in **Form VCES-1** and on receipt of declaration the designated authority will issue an acknowledgment in **Form VCES-2** within a period of 7 working days.
- (iii) CENVAT credit is not permitted to be utilised for the payment of tax dues.
- (iv) Designated authority will issue an acknowledgement of discharge in **Form VCES-3** within a period of 7 working days from the date of receipt of details of payment of tax dues in full by the declarant.

Further, CBEC vide *Circular No.169/4/2013-ST dated 13<sup>th</sup> May 2013* has clarified that :

- (i) Besides interest and penalty, immunity would be available from payment of late fee/ penalty for non-registration or non / delay filing of return etc.
- (ii) Tax dues could be declared under the scheme, which are not covered by any notice or order of determination issued under section 72, 73 or 73A of Finance Act, 1994 (Act).
- (iii) The provision of section 106(2)(a)(iii) shall be attracted only in such cases where accounts, documents or other evidences are requisitioned by the authorised officer from the declarant under section 14, 72 or 83 of the Act or Rule 5A of STR and the inquiry so initiated against the declarant is pending as on 01.03.2013. No other communication would attract the provisions of section 106(2)(a)(iii) and not lead to rejection of declaration.

*[Notification No. 10/2013 ST dated 13.05.2013]*

## CUSTOMS

### Classification of 'Tablet Computers' in Customs

CBEC vide *Circular No.169/4/2013-Cus dated 14th May 2013* clarified that Tablet computer is an automatic data processing machine (ADP) and other functionalities of the said machine are the auxiliary functions that could be seen on any computer, such as desktop or laptop computers. The tablet computers are not intended to be a substitute for a mobile phone to make voice calls, but, according to its main technical features is designed as a substitute for laptops. The difference between a "Smartphone" and a "Tablet Computer", is not based on whether the product has a voice calling function or not, but on the principal features that a producer has intended for the device when designing and developing it.

In view of the above, It has been clarified that "Tablet Computers" are more appropriately classifiable in heading 8471, subheading 847130 and its **not** to be classified in heading relating to the "pocket-size" machines of heading 8470.

*[Circular No.169/4/2013-Cus dated 14.05.2013]*

Source: [www.cbec.gov.in](http://www.cbec.gov.in)

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