

Summary of Notifications, Circulars from 16th February, 2016 to 15th March, 2016

SERVICE TAX

1. Any Services provided by Government to Business Entity will be liable to Service Tax excluding exempted business entity

Finance Act (No. 20), 2015 had substituted the words 'support services' provided by Government or a local authority to a business entity by the words 'any services' under Negative List. Now all services provided by the Government or local authority to a business entity, except the services that are specifically exempted, or covered by any another entry in the Negative List, shall be liable to service tax w.e.f. 01.04.2016. Such transactions would be covered under the Reverse Charge Mechanism.

However, to provide relief to small taxpayer, a new entry has been inserted (No. 48) under *Mega Exemption Notification* to provide that services provided by Government or a local authority to a business entity with a turnover up to Rs. 10 lacs in the preceding financial year will be out of the purview of service tax from 01.04.2016 onwards.

[Notification No. 06/2016-Service Tax, dated February 18, 2016 & Notification No. 07/2016-Service Tax, Dated: February 18, 2016]

2. Rationalisation of Abatement provisions: Notification No. 26/2012

CBEC vide *Notification No. 08/2016-Service Tax, Dated: March 01, 2016* has amended and rationalised the Abatement provisions provided in *Notification No. 26/2012- Service Tax dated 20.06.2012*, w.e.f. 01.04.2016 unless otherwise provided, as follows:

S. No.	Particulars	Existing Taxable Value	Post amendment Taxable Value <i>(effective 01.04.2016 unless otherwise provided)</i>
2	Transport of goods by Indian railways	30% (without any CENVAT Credit)	30% (with credit of Input Services)
2A (new entry)	Transport of goods in containers by rail by any person other than Indian Railways	30% (without any CENVAT Credit)	40% (with credit of Input Services)
3	Transport of passengers, with or without accompanied belongings by rail	30% (without any CENVAT Credit)	30% (with credit of Input Services)
7A (new entry)	Services of goods transport agency in relation to transportation of used household goods.	30%	40%

8 (new entry)	Services provided by a foreman of chit fund in relation to chit	Nil	70% (without any CENVAT Credit)
9A (c) (new entry) <i>(w.e.f 01.06.2016)</i>	Transport of passengers, with or without accompanied belongings, by <u>a stage carriage</u>	Not- taxable	40% (without any CENVAT Credit)
10	Transport of goods in a vessel	30% (without any CENVAT Credit)	30% (with credit of Input Services)
11(i)	Services by a tour operator in relation to a tour, only for the purpose of arranging or booking accommodation for any person	10% (without any CENVAT Credit)	10% with CENVAT credit on only input services of a tour operator used for providing the taxable service
11(ii)	tours other than (i) above	25% or 40% as the case may be with following: CENVAT credit on inputs, capital goods and input services other than the input service of a tour operator, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.	30% with following: CENVAT credit on inputs, capital goods and input services other than input services of a tour operator, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
12	Construction of a complex, building, civil structure or a part thereof, intended for a sale to a buyer, wholly or partly except where entire consideration is received after issuance of completion certificate by the competent authority	25% in case of a residential unit having carpet area of less than 2000 sq. ft. and costing < Rs. 1 Crore or 30% in other cases, as the case may be with CENVAT Credit on Capital Goods & Input Services	30% with CENVAT Credit on Capital Goods & Input Services

It has further been provided that for the purpose of “*Renting of Motorcab*” (Sl. No. 9) the amount charged shall be the sum total of the amount charged for the service including the fair market value of all goods (including fuel) and services supplied by the recipient(s) in or in relation to the service, whether or not supplied under the same contract or any other contract; provided that the fair market value of goods and services so supplied may be determined in accordance with the generally accepted accounting principles.

[Notification No. 08/2016-Service Tax, Dated: March 01, 2016]

3. Amendments in Mega Exemption Notification No. 25/2012

CBEC vide *Notification No. 09/2016-Service Tax, Dated: March 01, 2016* has amended Mega Exemption *Notification*, effective 01.04.2016 unless otherwise provided, as follows:

(i) Exemptions are withdrawn on services provided by

- a senior advocate to an advocate, partnership firm of advocates providing legal service. (*Entry 6 clause b amended*)
- a person represented on an arbitral tribunal to an arbitral tribunal. (*Entry 6 clause c omitted*)

(ii) Exemption from Service Tax to

- Services provided by the Indian Institutes of Management w.e.f. 01.03.2016, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme, -
 - (a) two year Post Graduate Diploma in Management, conducted by Indian Institute of Management admitted through CAT;
 - (b) fellow programme in Management;
 - (c) five year integrated programme in Management. (*New Entry 9B inserted*)
- Services of assessing bodies empanelled under Skill Development Initiative (SDI) Scheme. (*New Entry 9C inserted*)
- services provided by training providers under Deen Dayal Upadhyaya Grameen Kaushalya Yojana by way of offering skill or vocational training courses certified by National Council For Vocational Training. (*New Entry 9D inserted*)

(iii) Exemption to Services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of -

- (a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;
- (b) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment; or
- (c) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the Explanation 1 to clause (44) of section 65 B of the said Act;

was withdrawn with effect from 1.4.2015. The same is being restored for the services provided under a contract which had been entered into prior to 01.03.2015 and on which appropriate stamp duty, where applicable, had been paid prior to that date. *The exemption is being restored till 31.03.2020.* The services provided during the period from 01.04.2015 to 29.02.2016 under such contracts are also proposed to be exempted from service tax. *(New Entry 12A inserted).*

(iv) Exemption w.e.f. 01.03.2016 to services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of:

- a civil structure or any other original works pertaining to the 'In-situ rehabilitation of existing slum dwellers using land as a resource through private participation' under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana, only for existing slum dwellers. *(Entry 13 new item (ba) inserted)*
- a civil structure or any other original works pertaining to the 'Beneficiary-led individual house construction / enhancement under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana. *(Entry 13 new item (bb) inserted)*

(v) Exemption w.e.f. 01.03.2016 to services by way of construction, erection, commissioning, or installation of original works pertaining to:

- railways, excluding monorail and metro;
- low cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under:

(vi) Exemption w.e.f. 01.03.2016 to services by way of construction, erection, commissioning, or installation of original works pertaining to an airport or port provided under a contract which had been entered into prior to 1st March, 2015 and on which appropriate stamp duty, where applicable, had been paid prior to such date;

provided that Ministry of Civil Aviation or the Ministry of Shipping in the Government of India, as the case may be, certifies that the contract had been entered into before the 1st March, 2015;

provided further that nothing contained in this entry shall apply on or after the 1st April, 2020; *(New Entry 14A inserted)*

(vii) The threshold exemption limit of consideration charged for services provided by a performing artist in folk or classical art forms of music/ dance/ theatre, is being increased from Rs. 1 lakh to Rs. 1.5 lakh. *(Amendment in entry 16)*

(viii) Exemption w.e.f. 1st June 2016 to transport of passengers, with or without accompanied belongings, by stage carriage other than air-conditioned stage carriage; *(Entry 23 new clause (bb) inserted)*

Exemption withdrawn w.e.f. 1st June 2016 to Transport of passengers, with or without accompanied belongings by ropeway, cable car or aerial tramway. (Entry 23 clause (c) omitted)

(ix) Exemption to Services of general insurance business provided under Niramaya" Health Insurance Scheme implemented by Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999). (Entry 26 new clause (q) inserted)

(x) Exemption to Services of life insurance business provided by way of annuity under the National Pension System regulated by Pension Fund Regulatory and Development Authority of India (PFRDA) under the Pension Fund Regulatory And Development Authority Act, 2013 (23 of 2013); (New Entry 26C inserted)

(xi) Exemption to:

- Services provided by Employees' Provident Fund Organisation (EPFO) to persons governed under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952); (New Entry 49 inserted)
- Services provided by Insurance Regulatory and Development Authority of India (IRDA) to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999). (New Entry 50 inserted)
- Services provided by Securities and Exchange Board of India (SEBI) set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market. (New Entry 51 inserted)
- Services provided by National Centre for Cold Chain Development under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination. (New Entry 52 inserted)
- Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India w.e.f. 1st June 2016. (New Entry 53 inserted)

[Notification No. 09/2016-Service Tax, Dated: March 01, 2016]

4. Point of Taxation for new levy on services

To resolve the disputes in regards to new levy, CBEC vide *Notification No. 10/2016-Service Tax, Dated: March 01, 2016* has inserted an explanation to Rule 5 of Point of Taxation Rules, 2011 to provide that Rule 5 would be applied in case of **new levy** on services and that the exclusion to pay service tax on new levy or tax shall only be upon fulfilment of conditions provided in the said rule.

[Notification No. 10/2016-Service Tax, Dated: March 01, 2016]

5. Services in relation to Information Technology Software recorded on a media bearing RSP exempted

CBEC vide Notification No. 11/2016-Service Tax, Dated: March 01, 2016 has exempted from Service Tax service in relation to Information Technology Software when such Information Technology Software is recorded on a media under Chapter 85 of the First Schedule to the Central Excise Tariff Act, 1985, on which it is required, under the provisions of the Legal Metrology Act, 2009 to declare on package of such media thereof, the retail sale price; subject to condition specified in the notification.

[Notification No. 11/2016-Service Tax, Dated: March 01, 2016]

6. Exemption to services provided by the bio-incubators approved by the Biotechnology Industry Research Assistance Council

CBEC vide Notification No. 12/2016-Service Tax, Dated: March 01, 2016 has extended the exemption from service tax provided to a Technology Business Incubator (TBI) or a Science and Technology Entrepreneurship Park (STEP) (N.N. 32/2012 -Service Tax dated 20th June, 2012) further to services provided by the bio-incubators approved by the Biotechnology Industry Research Assistance Council, under Department of Biotechnology, Government of India w.e.f 01.04.2016.

[Notification No. 12/2016-Service Tax, Dated: March 01, 2016]

7. Revised interest rates for delayed payment of service tax

CBEC vide Notification No. 13/2016-Service Tax, Dated: March 01, 2016 has provided that with effect from the date the Finance Bill, 2016 receives the assent of the President, the rate of interest for delayed payment of any amount as service tax would be as under:

Serial Number	Situation	Rate of simple interest p.a.
1.	Collection of any amount as service tax but failing to pay the amount so collected to the credit of the Central Government on or before the date on which such payment becomes due.	24 %
2.	Other than in situations covered under 1 above.	15 %.

[Notification No. 13/2016-Service Tax, Dated: March 01, 2016]

8. Amendments in Reverse Charge Notification No. 30/2012

CBEC vide *Notification No. 18/2016-Service Tax, Dated: March 01, 2016* has amended Reverse Charge Notification, effective 01.04.2016, as follows:

- a) The taxable services provided or agreed to be provided by a mutual fund agent or distributor, to a mutual fund or asset management Company are now outside the purview of Reverse Charge. From now tax would be payable by the service provider. *(Para A(ib) omitted)*
- b) The taxable services provided or agreed to be provided by a selling or marketing agent of lottery tickets in relation to a lottery in any manner to a lottery distributor or selling agent of the State Government under the provisions of the Lottery (Regulations) Act, 1998. *(Para I clause A(ic) substituted)*
- c) The taxable services provided or agreed to be provided by a firm of advocates or an individual advocate other than senior advocate, by way of legal services *(Para I clause A(iv)(B) substituted) (Rule 2(1)(d)(i) (D)(II) of Service Tax Rules amended)*

S.No	Description of a service	Percentage of service tax payable by the person providing service	Percentage of service tax payable by any person liable for paying service tax other than the service provider
1B	in respect of services provided or agreed to be provided by a mutual fund agent or distributor, to a mutual fund or asset management company	Nil	100%
1C	in respect of service provided or agreed to be provided by a selling or marketing agent of lottery tickets to a lottery distributor or selling agent <i>in respect of services provided or agreed to be provided by a selling or marketing agent of lottery tickets in relation to lottery in any manner to a lottery distributor or selling agent of the State Government under the provisions of the Lottery (Regulations) Act, 1998 (17 of 1998)</i>	Nil	100%
5A	in respect of services provided or agreed to be provided by a director of a company or a body corporate to the said company or the body corporate <i>in respect of services provided or agreed to be provided by a firm of advocates or an individual advocate other than a senior advocate by way of legal services</i>	Nil	100%
6.	in respect of services provided or agreed to be	Nil	100%

	provided by Government or local authority by way of support services excluding,- (1) renting of immovable property, and (2) services specified in sub-clauses (i), (ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994		
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[Notification No. 18/2016-Service Tax, Dated: March 01, 2016 & Notification No. 19/2016-Service Tax, Dated: March 01, 2016]

9. Amendments in Service Tax Rules, 1994

CBEC vide *Notification No. 19/2016-Service Tax, Dated: March 01, 2016* has amended Service Tax Rules, 1994 effective 1st April 2016, as follows:

- Rule 6 of the Service Tax Rules, 1994 to be amended to extend the benefit of quarterly payment of service tax to One Person Company (OPC) whose aggregate value of services provided is up to Rs. 50 lakh in the previous financial year and an HUF. Further, payment of service tax on receipt basis is also extended to such OPC.
- Presently, in cases where the amount allocated for investment or savings on behalf of policy holder is not intimated to the policy holder at the time of providing of service, an insurer is required to pay tax @ 3.5% of the premium charged from policy holder in the first year and 1.75% of the premium charged from policy holder in the subsequent years. Now, Rule 6(7A) to be amended to provide that the service tax liability on single premium annuity (insurance) policies is being rationalised and the effective alternate service tax rate (composition rate) is being prescribed at 1.4% of the total premium charged, in cases where the amount allocated for investment or savings on behalf of policy holder is not intimated to the policy holder at the time of providing of service.
- Every assessee would be required to submit an annual return for the financial year to which the return relates, in specified format by the 30th day of November of the succeeding financial year. The annual return may be revised within a period of one month from the date of submission of the said annual return. Upon delay in filing the return, an assessee would be required to pay a penalty calculated at the rate of Rs. 100 per day for the period of delay in filing of such return, subject to a maximum of Rs. 20,000.

[Notification No. 19/2016-Service Tax, Dated: March 01, 2016]

CENVAT CREDIT RULES

10. Amendments in CENVAT Credit Rules, 2004

CBEC vide *Notification No. 13/2016-Central Excise (NT), Dated: March 1, 2016* has amended CENVAT Credit Rules, 2004, effective 01.04.2016, as follows:

- Equipment and appliance used in an office located within a factory are being included in the definition of capital goods so as to allow CENVAT credit on the same. *(Rule 2a)*
- CENVAT credit on inputs and capital goods used for pumping of water, for captive use in the factory, is being allowed even where such capital goods are installed outside the factory.
- All capital goods having value up to Rs. 10,000 per piece are being included in the definition of “inputs” which would enable an assessee to take whole credit on such capital goods in the same year in which they are received. *(Rule 2k)*
- In order to allow shipping lines to take credit on inputs and input services, service by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India is being excluded from the definition of “exempted service”. *(Rule 2e)*
- CENVAT credit on tools of Chapter 82 of the Central Excise Tariff in addition to credit on jigs, fixtures, moulds & dies, when intended to be used in the premises of job-worker or another manufacturer who manufactures the goods as per specification of manufacturer of final products is also being allowed. These tools can be sent directly to such other manufacturer or job worker without bringing the same to manufacturers premises. *(Rule 2a)*
- Validity of the permission given by an Assistant Commissioner or Deputy Commissioner to a manufacturer of the final products for sending inputs or partially processed inputs outside his factory to a job-worker and clearance there from on payment of duty has been extended to 3 years as against present one year. *(Rule 4(6))*
- CENVAT credit of Service Tax paid on amount charged for assignment by Government or any other person of a natural resource such as radio-frequency spectrum, mines etc. shall be spread over the period of time for which the rights have been assigned. Further, if in any financial year, the manufacturer of goods or provider of output service having such rights further assigns them to another person against a consideration, balance CENVAT credit not exceeding the service tax payable on the consideration charged by him for such further assignment, shall be allowed in the same financial year. Also, CENVAT credit of annual or monthly user charges payable in respect of such assignment shall be allowed in the same financial year.
- An invoice issued by a service provider for clearance of inputs or capitals goods is also listed as a valid document for availing CENVAT credit. *(Rule 9)*
- A manufacturer of final products or provider of output services, shall submit to the Superintendent of Central Excise an annual return for each financial year, by the 30th day of November of the succeeding year, in the form as specified by a notification by the Board. *(Rule 9A)*
- FIFO method of utilizing credit as specified in Rule 14(2) has been done away with. Now, whether a particular credit has been utilised or not shall be ascertained by examining whether during the period under consideration, the minimum balance of credit in the account of the assessee was equal to or more than the disputed amount of credit. *(Rule 14)*

Amendment in Rule 6: Reversal of CENVAT Credit

Rule 6 of CENVAT Credit Rules is being redrafted with the objective of simplifying and rationalizing the same without altering the established principles of reversal of such credit.

The changes are as follows:

- Inputs and input services used in an activity which is not a ‘service’ under the Finance Act, 1994 also to attract reversal provisions under rule 6.
- For the capital goods used for the manufacture of exempted goods or provision of exempted service, no CENVAT credit shall be allowed for two years from the date of commencement of commercial production or provision of service. This means if the goods/ services become dutiable/ taxable within a span of two years of purchase of Capital Goods, CENVAT Credit of such goods can be availed.
- CENVAT credit shall not be allowed on such quantity of input and input services as is used in or in relation to manufacture of exempted goods and exempted service.
- A manufacturer who exclusively manufactures exempted goods for their clearance up to the place of removal or a service provider who exclusively provides exempted services shall reverse the entire credit and is not be eligible for credit of any inputs and input services used.
- When a manufacturer/ provider of output service manufactures/ provides two classes of goods/ services for clearance upto the place of removal, i.e. exempted goods/ services and final products/ output services excluding exempted goods/ services then manufacturer or provider of output service has following 2 options:
 - i) Pay an amount equal to 6% of value of the exempted goods and 7% value of the exempted services, subject to a maximum of the total credit taken. The purpose of the rule is to deny credit of such part of the total credit taken, as is attributable to the exempted goods or exempted services and under no circumstances this part can be greater than the whole credit.
 - ii) Option (ii) (Rule 3A) provides the procedures and conditions for calculation of credit allowed and credit not allowed and directs that such credit not allowed shall be paid, provisionally for each month. The four key steps for calculating the credit required to be paid are :-
 - Credit of Inputs/ Input Services used exclusively in manufacture of exempted goods or provision of exempted services is not available
 - Full credit is available of input or input services used exclusively in final products excluding exempted goods or output services excluding exempted services.
 - Balance Common Credit shall be attributed as follows:

Credit Attributable to Exempted Services	Goods/	==	Common Credit	X	<div style="border-bottom: 1px solid black; padding-bottom: 5px;"> Value of exempted goods/ services </div> <div style="padding-top: 5px;"> total turnover of exempted and non-exempted goods and non-exempted services in the previous financial year </div>
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- On failing to follow the procedure of giving intimation a manufacturer/ provider of output service may be allowed by competent Central Excise Officer to follow the

procedure and pay the amount prescribed subject to payment of interest calculated at the rate of 15% per annum.

- The existing rule 6 of CCR would continue to be in operation upto 30.06.2016, for the units who are required to discharge the obligation in respect of financial year 2015-16.
- Banks and other financial institutions are to be allowed to reverse credit in respect of exempted services, on actual basis also, in addition to the option of 50% reversal.
- Credit taken on inputs and input services used in providing a service by way of “transportation of goods by a vessel from customs station of clearance in India to a place outside India” shall not be required to be reversed by the shipping lines.

Amendment in Rule 7: Input Service Distributor (ISD)

- An ISD can now distribute the input service credit to an outsourced manufacturing unit also in addition to its own manufacturing units.
- As against the present method of distribution of Credit based on turnover, now an ISD will distribute CENVAT credit in respect of service tax paid on the input services to its manufacturing units or units providing output service or to outsourced manufacturing units subject to, inter alia, the following conditions:
 - i) Credit attributable to a particular unit shall be attributed to that unit only.
 - ii) Credit attributable to more than one unit but not all shall be to attributed to those units only and not to all units.
 - iii) Credit attributable to all units shall be attributed to all the units.
- Credit shall be distributed pro rata on the basis of turnover as is done in the present rules.
- An outsourced manufacturing unit shall maintain separate account of credit received from each of the ISD and shall use it for payment of duty on goods manufactured for ISD concerned.
- Provisions of Rule 6 will apply to units availing the CENVAT credit distributed by ISD and not to the ISD.
- Now, manufacturers with multiple manufacturing units are allowed to maintain a common warehouse for inputs and distribute inputs with credits to the individual manufacturing units.

[Notification No. 13/2016-Central Excise (NT), Dated: March 1, 2016]

CENTRAL EXCISE

11. Certificate evidencing payment of Central Excise duty by SSI's

Circular No. 620/11/2002-CX, dated 20.02.2002 extended the facility of issuing of Certificate as proof of payment of Central Excise duty to Small Scale Industries.

Now, w.e.f. 1st March 2016, as a matter of trade facilitation, the same facility has been extended to the entire industry.

[Circular No. 1017/5/2016-CX, Dated: February 29, 2016]

12. Withdrawal from prosecution in cases older than 15 years involving duty less than rupees five lakhs

CBEC vide Circular No. 1018/6/2016-CX, Dated: February 29, 2016 has provided that prosecution cases would be withdrawn where evasion of Central Excise duty is less than Rs. 5 lakh and pending in court for more than 15 years.

[Circular No. 1018/6/2016-CX, Dated: February 29, 2016]

13. Change in rate of interest on goods warehoused for export and cleared to DTA

Goods warehoused for export when cleared for home consumption are liable to interest at the prescribed rate on the amount of duty payable on such goods from the date of clearance from the factory of production or any other premises approved, till the date of payment of duty and clearance.

CBEC vide Circular No. 1019/7/2016-CX, Dated: February 29, 2016 has provided that, w.e.f. 1st April 2016, the rate of interest for export goods cleared for home consumption would be 15% as against earlier rate of 24%.

[Circular No. 1019/7/2016-CX, Dated: February 29, 2016]

14. Regarding manufacturers of articles of jewellery

Manufacturer engaged in the manufacture or production of articles of jewellery other than articles of silver jewellery may take Centralised Registration where Centralise Billing/Accounting has been done and condition of prior physical verification of premises has been done away.

Further, CBEC vide Notification No. 7/2016-Central Excise (N.T.), Dated: March 1, 2016 has withdrawn the requirement of fixing the tariff value of articles of jewellery (other than silver jewellery), falling under sub-heading No. 7113 of the First Schedule to the Central Excise Tariff Act, 1985 at the rate of 30% of the transaction value as declared in the invoice.

[Notification Nos. 5/2016-Central Excise (N.T.), 6/2016-Central Excise (N.T.) and 7/2016-Central Excise (N.T.) all Dated: March 1, 2016]

15. Amendments in Central Excise Rules, 2002

CBEC vide Notification No. 8/2016-Central Excise (NT), Dated: March 1, 2016 has amended Central Excise Rules, 2002 as follows:

- In case of finalization of provisional assessment, the interest will be chargeable from the original date of payment of duty at the rate of 15% p.a.
- For assessees engaged in the manufacture or production of articles of jewellery, other than articles of silver jewellery but inclusive of articles of silver jewellery studded with diamond, ruby, emerald or sapphire, falling under chapter heading 7113 of the First Schedule of the Tariff Act, the eligibility for classifying as a Small Scale Industry would be when aggregate value of clearances of all excisable goods for home consumption in the preceding financial year did not exceed Rs. 12 crores. In all other cases it would be Rs. 4 crores only.
- The condition of self-attestation by the manufacturer where the duplicate copy of the invoice meant for transporter is digitally signed has been done away with.
- Reduction of the number of returns to be filed by a central excise assessee above a specified threshold to 13, from 27, that is, 1 annual return required to be filed by the 30th Day of November of the succeeding financial year and 12 monthly returns. A Revised Return may be submitted by the end of the calendar month in which the original return is filed. For calculation of interest the date of revised return would be taken into consideration.
- 100% Export Oriented Unit is also required to file an annual return

[Notification No. 8/2016-Central Excise (NT), Dated: March 1, 2016]

16. Amendment in Procedure for filing Refund Claim of CENVAT Credit

CBEC vide *Notification No. 14/2016-Central Excise (N.T), Dated: March 1, 2016* has amended procedure for filing of Refund Claim of CENVAT Credit as follows:

An application in Form A for claiming the refund shall be filed:

- (i) in case of manufacturer : before the expiry of 1 year from the relevant date as per section 11B of Central Excise Act, 1944
- (ii) in case of service provider, before the expiry of 1 year from the date of -
 - (a) receipt of payment in convertible foreign exchange, where provision of service had been completed prior to receipt of such payment; or
 - (b) issue of invoice, where payment for the service had been received in advance prior to the date of issue of the invoice."

[Notification No. 14/2016-Central Excise (N.T), Dated: March 1, 2016]

17. Change in Interest Rate for Delayed payment of Duty

CBEC vide *Notification No. 15/2016-Central Excise (N.T), Dated: March 1, 2016* has provided that w.e.f. 1st April 2016 for delay in payment of Excise Duty, interest @ 15% p.a. would be payable as against earlier rate on 18% p.a.

[Notification No. 15/2016-Central Excise (N.T), Dated: March 1, 2016]

18. Registration of two or more premises as one registrant in Central Excise

CBEC vide *Notification No. 19/2016-Central Excise (N.T.), Dated: March 1, 2016* has provided that the Commissioner of Central Excise may allow single registration for two or more premises of the same factory are located in a close area, if

- these premises are within the jurisdiction of a Central Excise Range
- the process undertaken there are interlinked
- the units are not operating under any of the area based exemption notifications,
- Proper accounting of the movement of goods from one premise to other and such other conditions and limitations as prescribed are being followed.

Old provisions relating thereto also stand amended to this effect from 1st March 2016.

[Notification No. 19/2016-Central Excise (N.T.), Dated: March 1, 2016 & Circular No. 1016/4/2016-CX, Dated: February 29, 2016]

19. Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules

CBEC vide *Notification No. 20/2016-Central Excise (N.T.), Dated: March 1, 2016* has provided new Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2016 effective 01.04.2016 in suppression of the old rules to provide as follows:

- An un-registered manufacturer including manufacturers of exempted goods or non-excisable goods will be eligible to avail the benefits of the provisions of these rules after taking registration under rule 9 of the Central Excise Rules, 2002.
- An applicant manufacturer will provide an information in duplicate in the Form I as against earlier requirement of quadruplicate to the jurisdictional Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise.
- The applicant manufacturer may either provide separate information in respect of each of the supplier manufacturer of subject goods or provide combined information for multiple supplier manufacturers with details of each of them in Form I.

- An additional condition is introduced with existing provisions wherein applicant manufacturer will provide the information from time to time to receive subject goods in quantities in commensuration with expected consumption in the manufacturing process for a period of one year or less.
- Applicant manufacturer after maintaining the required records need to be submit quarterly returns in Form II by the tenth day of the month following each quarter of the financial year.
- A proviso has been added in 'Recovery of duty in certain cases' before existing proviso which provides that when the applicant manufacturer is found to be non-existent, the supplier manufacturer will be liable to pay the amount equal to the difference between the duty leviable on such goods but for the exemption and that already paid, if any, at the time of removal from the factory of the supplier manufacturer of the subject goods, along with interest and the provisions of section 11A except the time limit mentioned in the said section and section 11AA of the Act will apply mutatis mutandis, for effecting such recoveries.
- It has also been clarified that subject goods will be deemed not to have been used for the intended purpose even if any of the quantity of the subject goods is lost or destroyed by natural causes or by unavoidable accidents during transport from the place of procurement to the applicant manufacturer's premises or from the supplier manufacturer's premises to the place of procurement or during handling or storage in the applicant manufacturer's premises.

[Notification No. 20/2016-Central Excise (N.T.), Dated: March 1, 2016]

20. Amendments in procedures relating to rebate of duty on excisable goods used in manufacture/ processing of export goods

CBEC vide *Notification No. 21/2016-Central Excise (N.T), Dated: March 1, 2016* has provided for the following changes in procedures & conditions relating to relating to rebate of duty on excisable goods used in manufacture/ processing of export goods, *w.e.f. 1st March 2016:*

- The declaration regarding the finished goods proposed to be manufactured or processed would now be accompanied by a Chartered Engineer's certificate in respect of correctness of the ratio of input and output in accordance with the Standard Input Output Norms notified by Director General of Foreign Trade, Ministry of Commerce.
- The Assistant/ Deputy Commissioner of Central Excise will grant permission to the applicant for manufacture or processing and export of finished goods before commencement of export on the basis of certificate issued by the Chartered Engineer and the declaration filed. In case of doubt in respect of the correctness of such

declaration, they may visit the factory and verify correctness. The earlier requirement of total verification by Assistant/ Deputy Commissioner of Central Excise has been done away with.

- The manufacturer or processor may procure materials from registered dealers but no CENVAT credit will be availed by him.
- The provisions of CENVAT Credit Rules, 2004 would apply consistently for entire procedure.
- The claim for rebate of duty paid on materials used in the manufacture or processing of goods shall be lodged before expiry of one year from the relevant date with the Assistant/ Deputy Commissioner of Central Excise.

[Notification No. 21/2016-Central Excise (N.T), Dated: March 1, 2016]

CUSTOMS

21. Village Jattipur, Haryana notified as Inland Container Depot

CBEC vide *Notification No. 27/2016-CUSTOMS (N.T.), Dated: February 18, 2016* has declared the following as Inland Container Depot in State of Haryana for the purpose mentioned against it:

S. No.	Place	Purpose
1.	"(ix) Village Jattipur, near Samalkha, Panipat	Unloading of imported goods and loading of export goods

[Notification No. 27/2016-CUSTOMS (N.T.), Dated: February 18, 2016]

22. Sikta in West Champaran District, Bihar notified for import and export of goods

CBEC vide *Notification No. 28/2016-CUSTOMS (N.T.), Dated: February 18, 2016* has declared the following as Land Customs Station in State of Bihar for the purpose mentioned against it:

S. No.	Place	Purpose
1.	"(26) Sikta in West Champaran District, Bihar	Road connecting Sikta in West Champaran District, Bihar in India and Bhiswabazar in Nepal".

[Notification No. 28/2016-CUSTOMS (N.T.), Dated: February 18, 2016]

23. Baggage Rules, 2016

CBEC vide *Notification No. 30/2016-Cus.,(N.T.), Dated: March 1, 2016* has provided new Baggage Rules, 2016 applicable w.e.f. 01.04.2016 in suppression of the old rules to provide the following:

- The norms relating to duty free clearances for passengers arriving from Nepal, Bhutan or Myanmar or Other Countries would be as provided in revised Customs Baggage Declaration Regulations. Where the passenger is an infant, only used personal effects shall be allowed duty free. Further, where the passenger from Nepal, Bhutan or Myanmar, is arriving by land, only used personal effects will be allowed duty free.
- The free allowance of a passenger will not be allowed to be pooled with the free allowance of any other passenger.
- A passenger residing abroad for more than 1 year, on return to India, will be allowed clearance free of duty in his bona fide baggage of jewellery as provided in revised Customs Baggage Declaration Regulations.
- A person, who is engaged in a profession abroad, or is transferring his residence to India will in addition to above (excluding jewellery) be allowed a clearance free of duty for articles in his bonafide baggage as follows:

Duration of stay abroad	Articles allowed free of duty	Conditions	Relaxation
From three months upto six months	Used personal and household articles, other than those mentioned in Annexure I or Annexure II but including articles mentioned in Annexure III upto an aggregate value of sixty thousand rupees.	Indian passenger	-
From six months upto one year	Used personal and household articles, other than those mentioned in Annexure I or Annexure II but including articles mentioned in Annexure III, upto an aggregate value of one lakh rupees.	Indian passenger	-
Minimum stay of one year during the preceding two years.	Used personal and household articles, other than those mentioned in Annexure I but including articles mentioned in Annexure II or Annexure III, upto an aggregate value of two lakh rupees.	The Indian passenger should not have availed this concession in the preceding three years.	-

Minimum stay of two years or more.	Used personal and house household articles, other than those mentioned in at Annexure I but including those mentioned in Annexure II or Annexure III, upto a value limit of five lakh rupees.	(i) Minimum stay of two years abroad, immediately preceding the date of his arrival on transfer of residence; (ii) Total stay in India on short visit during the two preceding years should not exceed six months; and (iii) Passenger has not availed this concession in the preceding three years.	(a) For condition (i), shortfall of upto two months in stay abroad can be condoned by Deputy Commissioner of Customs or Assistant Commissioner of Customs if the early return is on account of - (i) terminal leave or vacation being availed of by the passenger; or (ii) any other special circumstances for reasons to be recorded in writing. (b) For condition (ii), the Principal Commissioner or Commissioner of Customs may condone short visits in excess of six months in special circumstances for reasons to be recorded in writing. No relaxation.
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- The import and export of currency under these rules will be governed in accordance with the provisions of the Foreign Exchange Management (Export and Import of Currency) Regulations, 2000.
- For unaccompanied baggage the same rules would apply provided it was in possession of passenger abroad and is dispatched within 1 month of his arrival in India or within such further period as the Deputy/ Assistant Commissioner of Customs may allow. Further, such baggage must land in India upto 2 months before the arrival of the passenger or within such period, not exceeding one year as the Deputy/ Assistant Commissioner of Customs may allow.
- These rules will also apply to the members of the crew engaged in a foreign going conveyance for importation of their baggage at the time of final pay off on termination of their engagement.

[Notification No. 30/2016-Cus.,(N.T.), Dated: March 1, 2016]

24. Amendment in Customs Baggage Declaration Regulations

CBEC vide Notification No. 31/2016-Cus.,(N.T.), Dated: March 1, 2016 has amended the Custom Baggage Declaration Rules for "All passengers who come to India and have anything to declare or are carrying dutiable or prohibited goods" to provide the following:

- Passengers need to declare if they are brining **Drones** to India
- Customs Duty Free Allowance has been amended as follows:

Eligible passenger	Origin country	Duty free allowance on & after 1 st April 2016	Duty free allowance <u>till 31st March 2016</u>
Passengers of Indian origin and foreigners residing in India, excluding infants Tourists of foreign origin, excluding infants	Other than Nepal, Bhutan, Myanmar	Rs 50,000/- Rs 15,000/-	Rs. 45,000/-
Passengers of Indian origin and foreigners residing in India, excluding infants Tourists of foreign origin, excluding infants	Nepal, Bhutan, Myanmar	By air Rs. 15,000/- By land - Nil	Rs. 6,000/-
Indian passenger who has been residing abroad for over one year	Anywhere	Gold jewellery: Gentleman – 20 gms with a value cap of Rs. 50,000/- Lady - 40 gms with a value cap of Rs. 1,00,000/-	Gold jewellery: Gentleman - Rs. 50,000 Lady - Rs. 1,00,000
All passengers	Anywhere	Alcohol liquor or wine: 2 litres	Alcohol liquor or wine: 2 litres
All passengers	Anywhere	Cigarettes: 200 numbers or Cigars upto 50 or Tobacco 250 grams	Cigarettes : 100 numbers or Cigars upto 25 or Tobacco 125 grams
Passenger of 18 years and above	Anywhere	One laptop computer (note book computer)”.	One laptop computer (note book computer)

Further, CBEC vide *Circular No. 8/2016-Cus., Dated: March 8, 2016* has provided that the domestic passengers who board international flights in the domestic leg are not required to file the Customs Baggage declaration form.

[Notification No. 31/2016-Cus. (N.T.), Dated: March 1, 2016 & Circular No. 8/2016-Cus., Dated: March 8, 2016]

25. Interest rate for delayed payment of duty

CBEC vide *Notification No. 33/2016-Cus.,(N.T.), Dated: March 1, 2016* has provided that w.e.f. 1st April 2016 for delay in payment of Customs Duty, interest @ 15% p.a. would be payable as against earlier rate on 18% p.a.

[Notification No. 33/2016-Cus.,(N.T.), Dated: March 1, 2016]

26. Restriction on denomination of Indian currency rescinded

CBEC vide *Circular No. 51/99 dated 12.08.1999* had allowed Merchant Ship to carry Indian currency notes of Rs. 100/-denomination for disbursement of wages etc. on board of foreign going vessel

Now vide *Circular No. 7/2016-Cus., Dated: March 7, 2016* in light of revised RBI guidelines, the restriction on denomination of Indian currency imposed vide earlier Circular has been withdrawn.

[Circular No. 7/2016-Cus., Dated: March 7, 2016]

VALUE ADDED TAX

JHARKHAND VAT:

27. Amendment in Section 18 & 63 of Jharkhand Value Added Tax Act, 2005

With retrospective effect from 01.04.2015, Section 18 & Section 63 of the Act have been amended as follow:

Section 18 (Input Tax Credit)

Substitution of provision for sub-section (4), under-	Input Tax Credit on-	Purpose-	Input Tax Credit allowed-
Clause (ii)	Goods purchased within	For sales in the course of interstate trade and commerce	To the extent of Central Sales Tax (CST) payable on such sales. balance input tax shall not be available for adjustment against any tax, penalty or interest payable.
Clause (iii)	Jharkhand from a registered dealer	Used for manufacturing / processing / mining of such goods sold in course of interstate trade and commerce	

Clause (ix) of sub-section (8) states that no input tax credit shall be claimed or allowed to a registered dealer for goods consumed for manufacture of goods for Inter-State transfer of stock. However, with effect from 13.05.2015, input tax credit

may be allowed on the tax paid in excess of 5% (earlier 4%) on such materials used in the manufacture of finished products.

Section 63 (Audit of Accounts)

Sub-section (1) has been substituted with effect from 01.04.2015 to provide that the turnover limit of Rs. 40 lakhs be revised to Rs. 60 lakhs for dealers who are required to get their accounts audited.

[Jharkhand Act 05, 2016]

DELHI VAT:

28. Creation of specific Ward & E-commerce Zones for E-commerce companies

The Trade & Taxes Department has created Ward No. 300 and also a new zone with the name 'E-Commerce Zone' to deal with E-commerce companies. All the E-commerce companies currently registered shall be shifted to this newly created Ward. Further, future new registrations will also be dealt with in this Ward.

[Order No. F.III/7)/T&T/Misc/Estt/Pt.File-I/1067-71 dated 12th February, 2016]

29. Framing of Central Assessments

Registered dealers who have effected sales against declarations in Form C / F / H are required to file details of such forms in a reconciliation return (Form 9). Dealers who have not filed such reconciliation return (Form 9) or have filed, but have stated deficiency of forms and have not paid the tax due for such deficiency, and interest thereon, are required to be assessed within the given time frame. Further, no hard copy of statutory forms for which Form 9 has been filed are to be accepted while framing the assessment.

[Circular No. 38 of 2015-16 No. F.3(636)/Policy/VAT/2016/1463-69 dated 18th February, 2016]

30. Filing of e-Form DVAT 16 or DVAT 17 with digital signatures

The Delhi Government vide Notification No. F3/643 has specified with immediate effect that registered dealers shall furnish returns in e-Form DVAT 16 (DVAT Return) or in e-Form DVAT 17 (Composition Tax return Form) with digital signatures in accordance with provisions of Information Technology Act, 2000 for the tax periods following the year during which the gross turnover exceeds Rs. 50 lakhs.

Dealers filing return with digital signatures are not required to submit the return verification form in Form DVAT 56 for acknowledgement of the return separately.

[Notification No. F.3(643)/Policy/VAT/2016/1585-1597 dated 1st March, 2016]

31. Safeguards for scrutiny of returns

The Delhi Government vide Circular No. 40 has directed its officers to keep a watch on following classes of dealers along with an advisory to safeguard revenue and to curb unscrupulous practices of paying little or no tax:

- newly registered dealers having sharp vertical growth in GTO;
- dealers downloading statutory forms of huge amount without showing matching sale/stock transfer;
- frequent change in trade practice / commodities;
- circular trading;
- dealers stopping return filing within a period of less than an year of registration;
- dealers applying for cancellation within a year or so, of registration;
- dealers filing 'Nil' GTO return continuously for a period exceeding one year;
- return defaulters
- frequent refund claimants
- non-tax payers
- continuously carrying forward excess ITC for a period exceeding one year;

The Circular also encourages ward inspectors to persuade un-registered dealers functioning in their respective wards, liable to register, to obtain registration.

[Circular No. 40 of 2015-16 F.3(639)/Policy/VAT/2016/1642-48 dated 8th March, 2016]

DAMAN & DIU VAT:

32. Statutory forms from other States/ UTs can now be uploaded on website

Registered dealers can now upload the details of the statutory forms (C, F, H and E-I & E-II forms) received from other States/UT's on website www.ddvat.gov.in by uploading the relevant XML files on a quarterly basis. The submission of physical copy shall only be submitted on demand of the assessing officer at the time of assessment.

[Circular No. DMN/VAT/VATSoft/2013-14/502 dated 18th February, 2016]

MAHARSHTRA VAT:

33. Correction of mistakes made or miscellaneous refunds of excess payment of taxes

To facilitate ease of doing business, the Joint Commissioner has been empowered to receive the refund application after the due date for filing of return from the assessee in cases where incorrect or double payment of taxes has been made. Earlier the said application was accepted only at the end of the year

[Trade Circular No. 6T of 2016 dated 23rd February, 2016]

34. Changes in the automation processes and other changes in procedures

The Maharashtra Government has implemented a new application envisaging certain changes in the processes of registration, filing of returns, applications for refund, requisitions for CST declarations forms and is also slated to cause changes in processes like audit / assessments, appeals etc. It may be noted that the contents are in the form of a proposal.

Under the proposed changes a dealer will be able to-

- Edit his Profile to make certain changes in the registration record
- Comply with filing obligations including returns, audit report, refund applications, application for CST declarations
- File appeals & appoint his Authorized Representatives, Auditors
- See the pending assessments, recoveries
- Seek appointments for hearing
- Issue TDS Certificates, etc.
- Seek No dues and Tax dues Certificates,
- Pay taxes online through the Electronic Payment Gateways
- The design of the web portal will be maintained in such a manner so as to provide effective ease of operation to the dealers.

New processes for Registration, Return, Assessment, Refund, Appeal, e-CST declarations have also been provided in the said circular.

[Trade Circular No. 7T of 2016 dated 25th February, 2016]

KERALA VAT:

35. Amendments proposed by Kerala Finance Bill, 2016

Following amendments have been proposed by Kerala Finance Bill, 2016:

Presumptive Taxation:

It has been proposed to increase the turnover limit of presumptive taxation from Rs. 60 lakhs to Rs. 75 lakhs for any registered dealer other than specified dealers to pay tax at the rate of 0.5%.

Compounded Taxation:

It has been proposed that works contract awarded by Government of Kerala, Kerala Water Authority or Local Authorities up to 31.03.2016 shall be taxed at 3% of the whole contract amount along with tax under sub-section (2) of section 6.

[THE KERALA FINANCE BILL, 2016, Bill No. 396]

PUNJAB VAT:**36. Compulsory E-filing of application for grant of registration**

With effect from 01.03.2016, all applications for the grant of Registration under the PVAT Act, 2005 and the CST Act, 1956 will only be accepted through the online mode leading to discontinuation of the manual submission of the applications for the same.

[Dated 26th February 2016 from The Assistant Excise and Taxation Commissioner, U.T., Chandigarh]

CHHATTISGARH VAT:**37. Amendment in Rule 55 of Chhattisgarh Value Added Tax Rules, 2006**

W.e.f. 01.03.2016 entry no. (4) of Rule 55 has been amended to provide for the designation of Officers to make an assessment/ reassessment of tax and /or to impose penalty/ interest or to grant further time to pay such tax / interest / penalty or to allow the payment in installment, to set aside an ex-parte order and to exercise all other powers, -

Designation of Officers	Upto a turnover and/or aggregate of purchase price of
Assistant CTO	Rs. 1 crore
CTO	Rs. 10 crore (Earlier Rs. 3 crores)
Assistant Commssioner	In respect of every dealer

[Notification No. F-10-03 /2016/CT/V (12) dated 27th February, 2016]

38. Extension in date for filing Form 18 for Financial Year 2013-14 & 2014-15

Chhattisgarh government has extended the date for filing Form 18 (Statement showing details of the particulars furnished in the quarterly return for the year) as provided below table:

Class of Registered Dealers (except dealer who deals in goods specified in S.No. 5 of part-III of Schedule-II)	For the FY	Furnish Form 18 upto	Others reports to be furnished before CTO-
Whose annual turnover is less than Rs. 1 crore	2013-14 2014-15	30.04.2016 30.06.2016	-
Whose annual turnover is less than Rs. 10 crore			Copy of Audit Report u/s 44(AB) of Income Tax Act, 1961
Whose annual turnover is Rs. 10 crore or more			Copy of Audit Report in Form-50

[Notification No. F-10-08 /2016/CT/V (15) dated 8th March, 2016]

UTTRAKHAND VAT:

39. Lorry Challan to be prepared by transporter

Every transporter shall prepare a Lorry Challan who intends to transport goods to any place outside State of Uttarakhand or from one place to another within the State or from one place to another in the State passing through any other State.

[Notification No. 126/2016/03(120)/XXXVII(8)/2016 dated 3rd March, 2016]

GUJARAT VAT:

40. Gujarat 2016-17 -Budget highlights

- **E-Commerce Transactions to be covered under the purview of Entry Tax**

It has been proposed to impose Entry tax on the goods entering the State through e-commerce since the trade of the State dealers are affected adversely. Further,

the State suffers loss of tax revenue due to sale of goods in the State from outside the State under e-commerce transactions. The amended provisions are awaited.

- **100% provisional refund within 30 days to small dealers**

In order to promote trade friendly measures in case of small dealers, it has been proposed to grant 100% provisional refund within 30 days from the date of submission of all documents where refund due is upto Rs. 1 lakh. This will be subject to the following conditions:

- ✓ The dealers whose annual refund upto Rs. 1 lakh has been paid in the previous year will get this benefit in the subsequent year.
- ✓ The dealer should be holding Registration Certificate for more than 2 years.

- **Propoasal of Amnesty Scheme for recovery of tax dues**

Following are the essential features of the proposed scheme:

- ✓ Dues outstanding upto 31.12.2015 in the Sales Tax Act, VAT Act, Motor Spirit Act and CST Act will be covered under the scheme.
- ✓ Interest and penalty will be remitted on full payment of outstanding principal tax amount. However in case of tax evasion, full amount of principal tax, interest and 25% of penalty amount will have to be paid.
- ✓ The scheme will extend to those cases in appeal also where the appeal has been withdrawn.

RAJASTHAN VAT:

41. Rajasthan Budget Highlights 2016-17

Following amendments have been proposed to Sections 2, 13, 24, 33, 51A & 53 of Rajasthan Value Added Tax, 2003 :

- Generating set for generation of electrical energy used in manufacturing to be treated as capital goods.
- Reduction in time limit from 60 days to 30 days for intimating change in principal place of business outside the territorial jurisdiction of the present assessing authority.
- Assessment orders for the year 2013-14 shall be made within 31.07.2016.
- Period of 1 year for the rectification of mistake shall be reduced to 6 months from the date of presentation of application to the assessing authority.

Further, the application pending before assessing authority on 1.04.2016 shall be disposed of within 30.09.2016 or within 1 year from the date of presentation, whichever is earlier.

- Earlier, the State Government was authorised to reduce or waive interest or penalty. Now it has been proposed to authorise such State Government to reduce or waive late fee also.
- The Commissioner of VAT has been empowered to grant refund in cases where tax amount has been wrongly deposited or in excess of the amount due.

42. Amendment in Rule 17A, 19, 21, 22A, 27, 38, 40 & 47 of Rajasthan Value Add Tax Rules, 2006

- **Option for payment of lump sum in lieu of tax (Rule 17A) :** Any registered developer or builder who is a works contractor undertaking the activity of construction may opt for payment of tax in lump sum for any project undertaken by submitting an application in Form VAT-69A electronically through www.rajtax.gov.in within 30 days from date on which any amount is received from the purchase against an agreement related to projects.

Further, it has been provided that the developer or builder shall not be allowed to opt out of the scheme for the project(s) for which an option to pay lump sum amount of tax has been exercised by him once.

- **Returns (Rule 19) :** Dealers exclusively engaged in the sale of exempted goods or class of persons mentioned in Schedule-II on the condition of payment of exemption fee shall submit VAT-11, where any incidental sale has been made of leftover taxable goods along with the statement of sale of leftover goods in Form VAT-08A within 60 days of the end of the relevant quarter.
- Deputy Commissioner after recording the reasons in writing may allow the dealer to submit an application (for the incorrect particulars or any information furnished by him which he discovers is incorrect after generation of declaration in Form VAT-15) upto a period of 1 year from the date of generation of such declaration form or upto 30.09.2016, whichever is later.
- **Now digital signature on VAT invoices** has been permitted.
- **Procedure with regard to certificate of deduction of tax (Rule 40) :** The condition for issuance of certificate of deduction of tax to the contractor in Form VAT-41, has been deleted. Now such certificate would be issued by the officer authorized electronically through www.rajtax.gov.in to the contractor. Further, the time limit

for issuance of no deduction certificate in Form VAT-40D by the authorised officer on receipt of application in Form VAT-40C has been substituted from 15 days to 30 days.

Also A new sub-rule **(8B)** has been inserted stating that when an awarder discovers any omission or error in the Form VAT-40E furnished by him, he may furnish a revised Form VAT-40E within 3 months from the close of the relevant year.

The requirement of Sub-rules **(12), (13), (14), (15) & (16)** have been deleted.

- **Now** at the option of the dealer, the audit shall be conducted by the auditor at the place of the business of the dealer or in the office of the auditor. Where the dealer fails to inform his option then audit shall be conducted at place of business.

HIMACHAL PRADESH VAT

43. Himachal Pradesh Budget 2016-17 Highlights

Following points have been proposed in the Himachal Pradesh Budget- 2016-17:

- Area based VAT concessions to continue.
- To promote eco-friendly transport services in the State, Electric vehicles have been proposed to be exempted from VAT, Registration Fee and Token Tax for 5 years.
- Solar Cooker and Solar lanterns will be exempted from VAT which are presently charged at the rate of 5%.
- VAT on LED lights reduced from 13.5% to 5%.
- Speedy disposal of VAT refunds.

Telangana VAT

44. Introduction of time limit for issuance of Registration Certificate under Rule 10 of Telangana VAT Rules, 2005

To facilitate ease of doing business Telangana Government has provided that on submission of the complete application along with required documents by the assessee the Registration Certificate shall be issued within 1 working day.

[Notification No. G. O. Ms No. 31 dated 24th February, 2016]