

Summary of Notifications, Circulars from 16th May, 2016 to 15th June, 2016

SERVICE TAX

1. Leviability of service tax in respect of services provided by arbitral tribunal and its members

The services provided or agreed to be provided by an arbitral tribunal to a business entity located in the taxable territory with turnover exceeding Rs 10 lakh is taxable under reverse charge mechanism and recipient of service (business entity) is liable to discharge service tax liability vide Rule 2(1)(d) of Service Tax Rules, 1994 and *Notification No. 30/3012 – ST*.

Further, Services provided by an arbitral tribunal to (i) any person other than a business entity; or (ii) a business entity with a turnover up to Rs 10 lakh in the preceding financial year, were exempt from services tax vide *Entry 6(a) of Notification No. 25/2012 – ST*.

In this regard, Central Government vide *Circular No. 193/03/2016-ST, Dated: May 18, 2016* has clarified that service Tax liability for services provided by an arbitral tribunal (including the individual arbitrators of the tribunal) shall be on the service recipient if it is a business entity located in the taxable territory with a turnover exceeding Rs. 10 lakh in the preceding financial year.

[Circular No. 193/03/2016-ST, Dated: May 18, 2016]

2. Exclusion of some services provided by Government to business entity from Mega Exemption Notification No. 25/ 2012

The Central Government vide *Notification No. 07/2016-Service Tax, Dated: February 18, 2016* amended the Mega Exemption Notification to provide exemption to 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.

Now, the Central Government vide *Notification No. 26/2016-Service Tax, Dated: May 20, 2016* has provided that following 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 would be liable to service tax:

- a) services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than Government;
- b) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;
- c) services of transport of goods or passengers

d) Services by way of renting of immovable property.

[Notification No. 26/2016-Service Tax, Dated: May 20, 2016]

3. Krishi Kalyan Cess

In order to support financing initiatives relating to improvement of agriculture and welfare of farmers, Central Government has imposed Krishi Kalyan Cess (KKC) @ 0.5% on all taxable services with effect from 1st June 2016.

Now, the Central Government vide *Circular No. 194/04/2016-ST, Dated: May 26, 2016* has provided the following accounting codes for KKC:

KKC (Minor Head)	Tax Collection	Other Receipts (Interest)	Deduct Refunds	Penalties
0044-00-507	00441509	00441510	00441511	00441512

Further, the following have also been provided for w.e.f 1st June 2016:

- a) For tax payable on services covered under reverse charge or partial reverse charge, KKC would also be required to be paid along with Service Tax. Provisions of the Reverse Charge Notification will be applicable *mutatis mutandis* for the purposes of KKC also.
- b) KKC will not be leviable on services which are exempt from Service tax. Therefore, KKC @ 0.5% will be levied on value of all taxable services except the following:
 - i. Activity excluded from the definition of Service under Section 65B(44) of the Finance Act;
 - ii. Negative List of Services under Section 66D of the Finance Act;
 - iii. Services exempted by a notification issued under Section 93(1) of the Finance Act i.e.
 - Services exempted under Mega Exemption Notification vide Notification No. 25/2012-ST dated June 20, 2012.
 - Services exempted, as specified to specified percentage under the Abatement Notification No. 26/2012-ST dated June 20, 2012 i.e. KKC would be computed on abated value of taxable services.
 - iv. Services exempted by Special Order issued under Section 93(2) of the Finance Act.

- c) Value of taxable services for the purposes of the Krishi Kalyan Cess will be the value as determined in accordance with the Service Tax (Determination of Value) Rules, 2006. Thus, KKC would be levied in the following manner:

In terms of Service Tax Valuation Rules, Service tax along with SB Cess and KKC needs to be applied on taxable value. Accordingly, effective rate of Service tax in following illustrative cases would be:

Particulars	Service Tax Rate
Works Contract: Original works	6% (15% x 40%)
Works Contract: Other than Original Work	10.50% (15% x 70%)
Restaurant and Outdoor catering: AC Restaurant services	6% (15% x 40%)
Restaurant and Outdoor catering: Outdoor catering services	9% (15% x 60%)

- d) A Service provider is eligible to claim rebate of KKC paid on all the input services used in providing services exported in terms of Rule 6A of the Service Tax Rules, 1994, as KKC is included in definition of "service tax & cess" in the amended Notification No. 39/2012-ST dated June 20, 2012 (*Rebate of the duty paid on excisable inputs or Service tax and cess paid on all input services used in providing service exported*)
- e) The SEZ Unit or the Developer of SEZ unit are eligible for refund of:
- KKC paid on the specified services on which *ab-initio* exemption is admissible but not claimed.
 - That portion of KKC paid on the specified services which pertain to the authorised operation in a SEZ. When the services provided are common to the authorised operation in a SEZ and the operation in domestic tariff area, the same would be bifurcated in the manner as prescribed in rule 7 of the Cenvat Credit Rules. The same would be calculated as under:

$$\frac{\text{Total service tax pertaining to authorised operation in a SEZ} \times 0.5 (\text{KKC})}{0.5 (\text{SBC})}$$

14 (being the rate of service tax)

- f) For services relating to air travel agents, insurance premium, purchase & sale of foreign currency and lottery distributor where the service tax is paid at an alternative rate in terms of sub-rules 7,7A,7B and 7C to Rule 6 of the Service Tax Rules, 1994, KKC would also be computed in proportion to such alternative rate i.e.

Total Service tax liability calculated under Rule 6(7)(7A), (7B) or (7C) * 0.5 (KKC)/ 0.5(SBC)

14 (being the rate of service tax)

For example: for domestic bookings the rate of KKC would be: 0.7% * 0.5% 14% = 0.025%

[Circular No. 194/04/2016-ST, Dated: May 26, 2016 & Notification Nos. 27/2016-Service Tax, 28/2016-Service Tax, 29/2016-Service Tax, 30/2016-Service Tax & 31/2016-Service Tax, all Dated: May 26, 2016]

4. Service Tax on Senior Advocates under reverse charge

Union Budget 2016-17, provided for service tax to be paid by Senior Advocates (as defined under Advocates Act) under forward charge w.e.f. 1st April 2016.

Now, Central Government vide *Notification No. 32/2016 – ST dated June 6, 2016* has amended Mega Exemption Notification No. 25/2012 -ST to exempt services provided by a Senior Advocate by way of legal services to any person other than a business entity; or a business entity with a turnover up to Rs. 10 lacs in the preceding financial year.

Also, *Notification No. 33/2016 – ST dated June 6, 2016* has amended Service Tax Rules, 1994 to provide that services provided by senior advocates would be covered under reverse charge mechanism. Also, if the senior advocate is engaged by another lawyer, the Service Tax is to be paid by the litigant under reverse charge.

Further, *Notification No. 34/2016 – ST dated June 6, 2016* has amended Reverse Charge Notification No. 30/2012 – ST to provide 100% payment of tax by the recipient of the service provided by senior advocates.

In the nutshell, it has now been provided that services provided by senior advocate to a business entity with a turnover of more than Rs. 10 lacs are taxable under reverse charge mechanism and the whole of the tax is to be paid by the client who is litigating.

[Notification Nos. 32/2016 – ST, 33/2016 – ST, 34/2016 – ST all dated June 6, 2016]

CENVAT CREDIT RULES

5. Cenvat credit of Krishi Kalyan Cess (KKC) to service providers

Central Government vide *Notification No. 28/2016-Central Excise (N.T.), Dated: May 26, 2016* has amended CENVAT Credit Rules, 2004 to allow Cenvat credit of KKC to a service provider. Rule 3 of CENVAT Credit Rules, 2004 has been amended to provide the following:

- Provider of 'output services' will be eligible to avail credit of KKC paid
- Cenvat credit availed (other than KKC) shall not be utilized towards payment of KKC (10th proviso to rule 3(4)) i.e CENVAT credit in respect of KKC shall be utilised only towards payment of KKC.

Thus, unlike SBC, CENVAT credit of KKC paid on input services will be allowed to be used for payment of the KKC on taxable services provided by a service provider. Further, CENVAT credit of Service tax or Excise duty can neither be utilized for payment of KKC nor vice versa

[Notification No. 28/2016-Central Excise (N.T.), Dated: May 26, 2016]

CENTRAL EXCISE

6. Indirect Tax Dispute Resolution Scheme, 2016

The Indirect Tax Dispute resolution Scheme has been introduced vide Union Budget 2016-17, under which a taxpayer who has an appeal pending before the Commissioner (Appeals) can settle his case by filing a declaration before the Designated Authority and by paying the disputed tax and interest up to the date of assessment.

"Designated authority" means an officer not below the rank of Assistant Commissioner who is authorised to act as Assistant commissioner by the Commissioner for the purposes of this Scheme.

Further, Central Government vide *Notification No. 29/2016-CE(NT) dated 31st May 2016* has notified Indirect Tax Dispute Resolution Scheme Rules, 2016, effective 1st June 2016, which provides for manner of operation of the scheme and the forms to be used for making the scheme operational. Following Forms have been prescribed by the said Rules:

S. No.	Form No.	Purpose	Time Limit
1	Form 1	Making declaration under the scheme	Upto 31 st Dec, 2016
2	Form 2	designated authority shall give the acknowledgement about the receipt of declaration by him	60 Days
3	Form 3	filed by the declarant giving the details of the amounts deposited by him as required under the scheme Report the details of deposit made	Within 15 Days – of receipt of the acknowledgement Within 7 Days of of making the deposit
4	Form 4	designated authority will pass an order of discharge of dues in respect of the case before Commissioner (Appeals)	Within 15 Days of the receipt of tax deposit proof

For details the said Notification and Instruction may be referred.

[Notification No. 29/2016-CE(NT) dated 31st May 2016 & Instruction No. F.No.1080/06/DLA/IDRS/2016 dated 1st June 2016.]

7. Information returns to be furnished under 'Service Tax and Central Excise (Furnishing of Annual Information Return) Rules, 2016'

Rule 3 of 'Service Tax and Central Excise (Furnishing of Annual Information Return) Rules, 2016' provides that a State Electricity Board or an electricity distribution or transmission licensee under the Electricity Act 2003, or any other similar entity, who is duly authorised by 'State Electricity Agency', shall furnish information return electronically under Section 15A(I) of the Central Excise Act, 1944, with regard to certain class of assesses in the Form AIRF along with the Annexure Form (AIRA-II).

Further, the Principal Chief Commissioner or the Chief Commissioner of Central Excise and Service Tax in-charge needs to identify and intimate the State Electricity Agency, information of such manufacturers using an induction furnace or rolling

mill to manufacture goods falling under Section XV of the First Schedule to the Central Excise Tariff Act, 1985, whose aggregate value of clearances exceeds Rs. 150 lakh in the financial year to which the return pertains. For detailed procedure the said circular may be referred.

[Instruction F.No.221/01/2016-CX.6 Dated: June 6, 2016]

CUSTOMS

8. Transitional provisions relating to Duty Free Shops/Ship stores/Airline Stores/Diplomatic Stores

Finance Act, 2016 has inserted a new section 58A to the Customs Act, 1962 to provide for licensing of Special Warehouse wherein dutiable goods may be deposited duly 'locked' by proper officer. Following goods may be deposited in the special warehouse:

- a) gold, silver, other precious metals and semi-precious metals and articles thereof
- b) goods warehoused for the purpose of supply to duty free shops in a customs area or supply as stores to vessels or aircrafts or supply to foreign privileged persons

For details the said circular may be referred.

[Circular No. 20/2016-Cus, Dated: May 20, 2016]

9. Security to be furnished by Importers u/s 59(3) of Customs Act

Section 59(3) of the Customs Act, 1962 prescribes that an importer, shall, in addition to the execution of a bond, furnish a security for transit as well as for storage of goods in the warehouse.

Central Government vide *Circular No. 21/2016-Customs, Dated: May 31, 2016* has amended the security related norms and dispensed the security u/s 59(3) in following cases:

- a) Imports by the Central Government, State Government or a Union Territory administration or their undertakings;
- b) Machinery, equipment and raw-materials imported for manufacture and installation of power generation units;
- c) Project imports;
- d) Petroleum products;

- e) Machinery, equipment and raw materials imported for building and fitment to ships;
- f) Goods used in the units operating under manufacture-in-bond scheme (section 65);
- g) Goods warehoused for supply to diplomats;
- h) Goods warehoused and sold through duty free shops;
- i) Goods warehoused for supply as ship stores / airlines stores

Importers under Accredited Clients Program or approved Authorised Economic Operators will be required to provide security as per circulars issued in their regard.

Security for Transit

A comprehensive transit risk insurance policy equal in sum to the duty involved in the goods, in favour of the President of India needs to be obtained by the Importer to cover the transit of goods i.e. movements from customs station of import to the warehouse or warehouse to another warehouse or warehouse to a customs station for export. However in case of liquid bulk cargo transported through pipelines, the requirement of transit insurance may be waived.

Security for Storage

Particulars	PERIOD			
	1 Year	Beyond 1 Year	Exceeding 2 years	Exceeding 3 years
Security for Goods, other than sensitive goods	no requirement of furnishing any security	bank guarantee for an amount equivalent to 25% of the sum of duty plus interest accrued thereon during the preceding period	bank guarantee for an amount equivalent to 50% of the sum of duty plus interest accrued thereon during the preceding period	bank guarantee for an amount equivalent to duty involved plus interest accrued thereon during the preceding period
Security For Sensitive Goods warehoused in a public bonded warehouse	no requirement of furnishing any security	bank guarantee for an amount equivalent to 50% of the sum of duty plus interest accrued thereon during the preceding period	bank guarantee for an amount equivalent to duty involved plus interest accrued thereon during the preceding period	bank guarantee for an amount equivalent to duty involved plus interest accrued thereon during the preceding period

In case where sensitive goods are to be stored in the importer's private bonded warehouse, the importer shall

- a) furnish a security by way of a bank guarantee equivalent to the duty involved at the customs station of import before removal of the goods from the customs station of import and no transit insurance is required in this case.
- b) furnish a security by way of a bank guarantee at the customs station of import if goods are to be brought in from public warehouse

- c) furnish a security by way of a bank guarantee equivalent to the duty involved and interest accrued thereon during the preceding period for any extension in the period of warehousing

Provisions of this circular are not applicable to imports by 100% Export Oriented Units, EHTP Units & STPI Units as corresponding provisions of Foreign Trade Policy apply to these units.

[Circular No. 21/2016-Customs, Dated: May 31, 2016 & Circular No. 23/2016 -Customs, Dated: June 1, 2016]

10. Procedure regarding filing of ex-bond bill of entry on ICES

Presently, the ex-bond bills of entry required to be filed as per section 68 of the Customs Act, 1962 for clearance of any warehoused goods for home consumption are being filed manually.

In order to lend efficiency to the process of clearance of the warehoused goods and avail the benefits of automation the Central Government vide *Circular No. 22/2016-Cus, Dated: May 31, 2016* has provided that the importer or owner of the warehoused goods w.e.f 15th June file ex-bond bills of entry on ICES to clear goods for home consumption under section 68.

The importer or owner of the goods will provide a copy of the assessed ex-bond bill of entry with the order of proper officer for clearance of goods for home consumption to the jurisdictional bond officer assigned to the warehouse, for permitting clearance of the warehoused goods. The Jurisdictional Bond Officer will then verify the documents provided from details available at from ICEGATE and if found correct he will permit removal of goods from the warehouse for home consumption by affixing his dated signature on the copy of the ex-bond bill of entry.

In case of any mismatch not permit removal of goods immediately inform his AC/DC of Customs who will resolve the matter in consultation with the customs station of import.

[Circular No. 22/2016-Cus, Dated: May 31, 2016]

11. Solvency Certificate required along with application for licensing of a private bonded warehouse

Central Government vide *Circular No. 24/2016 -Customs, Dated: June 2, 2016* has provided that while making an application for licensing of a private bonded

warehouse, an applicant (importer) will be required to furnish a solvency certificate from a scheduled bank in addition to providing details of maximum amount of duty involved on the goods proposed to be stored in the private bonded warehouse at any point of time. This Solvency Certificate would be equivalent to the amount of duty involved as per Regulation 3 (1) (c) of the Private Warehouse Licensing Regulations, 2016.

Further, where the applicant is the Central Government, State Government or a Union Territory administration or their undertakings or EoUs / EHTP / STPI units there will be no need to obtain any solvency certificates. EoUs / EHTP / STPI units will furnish a bank guarantee/security as per Chapter 6 of Foreign Trade Policy.

[Circular No. 24/2016 -Customs, Dated: June 2, 2016]

12. Maintenance of Electronic Records in relation to warehoused goods

Regulation 11 of the Warehouse (Custody and Handling of Goods) Regulations, 2016 requires the licensee to maintain detailed records of the receipt, handling, storage and removal of goods into and from the warehouse and file monthly returns regarding the same.

Central Government vide *Circular No. 25/2016-Customs, Dated: June 8, 2016* has provided that w.e.f 14th June 2016, every licensee is required to maintain the aforesaid records electronically in prescribed Form A accurately and immediately upon the goods being deposited in or removed from the warehouse. The software for maintaining the electronic records must have a feature of audit trail.

A licensee will file a monthly return of the receipt, storage, operations and removal of the goods in Form A within 10 days after the close of the month. Where the period specified for warehousing is expiring in a particular month, the return in Form B needs to be filed on or before the 10th day of the preceeding month. Upon receipt of the goods in a warehouse, the licensee will send an acknowledgement to AC/ or warehouse keeper.

For the purpose of discharging these responsibilities, the licensee may appoint one or more employees as authorised signatories. The specimen signatures authorised signatories and the specimen impression of the stamp of the licensee to be affixed on the documents should be kept updated with the Bond officer at all times.

The warehouse shall have facilities such as computer, photocopier, scanner and printer.

[Circular No. 25/2016-Customs, Dated: June 8, 2016]

13. Chandigarh Notified as Customs airport

Central Government vide *Notification No. 83/2016 -Customs (NT), Dated June 09, 2016* has notified Chandigarh as a Customs airport for "*Unloading of imported goods and the loading of export goods or any class of such goods*". Before this amendment, Chandigarh was a Customs airport for:

- (i) Unloading of baggage and the loading of baggage and
- (ii) Unloading of imported goods and the loading of export goods related to Ministry of Defence.

[Notification No. 83/2016 -Customs (NT), Dated June 09, 2016]

VALUE ADDED TAX

DELHI VAT:

1. Grant of Registration through Mobile DVATMsewa Application

The Department of Trade and Taxes has developed a mobile application DVATMsewa to provide registration service along with few other services. Further, the registration number/ TIN will be issued within one working day. The following procedure is prescribed for instant registration without verification of business premises:-

- The dealer has to download the mobile application "DVATMsewa" and register by giving his basic information. Thereafter, business related information will have to be provided including uploading the image of business premise.
- On submission, the system of the Department will verify the Aadhar details and PAN details of the dealer. Thereafter, the details will be provided to VATO for checking the address & location of business premises. After verifying the same, reference ID and password will be sent through e-mail on the same day.
- Dealer will then file the registration application along with scanned documents and deposit fee online. On approval of application by VATO, final TIN will be generated.
- Registration Certificate will be available for login on the same day. Signed copy of the RC would be dispatched by post till the online dispatch facility through digital signatures is extended.

[Circular No. 6 of 2016-17 F.3(521)/Policy/2015/221-26 dated 17th May, 2016]

2. Requirement of item-wise detail in Annexure-2A, Annexure-2B, DVAT-30 and DVAT-31

The Delhi Government vide *Notification No. F.3(30)/Fin(Rev-1)/dsvi/121 dated 12th April, 2016* required furnishing of item-wise details of sales and purchases in DVAT Returns and in Forms DVAT-30 and DVAT-31. It has now been clarified that furnishing item-wise details is mandatory for the tax period commencing from 01.04.2016. For the tax period commencing from 01.01.2016 to 31.03.2016 it is optional to specify the item-wise details.

[Circular No.09 of 2016-17 No.F.3(670)/VAT/Policy/2016/343-348 dated 6th June, 2016]

3. Introduction of Reward/ Appreciation scheme for Good dealers

The Delhi Government has introduced a Reward/ Appreciation Scheme for Good Dealers with intent to acknowledge the dealers for better tax compliance.

Reward for the dealers falling under the following categories-

New entrepreneur who is registered in 2015-16 and is the highest tax payer and /or has the highest growth with respect to turnover of previous year having 1 slab which is ranging from Nil to Rs. 50 lakhs or 3 slabs ranging between Rs 50 lakhs to 500 Crores or 1 slab above Rs. 500 Crores.

Eligibility-

- Admitted tax due and tax paid (VAT/CST) with the returns will be accounted for.
- Refund claimed and tax credit carried forward would be deducted from the tax collected.
- Tax, interest, penalty or any other dues pertaining to past periods but deposited during current year will not be considered for Reward purposes.
- Dealers showing decline in tax will not be eligible for Reward purposes.
- No adverse material should be on record against the dealer.
- There should be no outstanding un-stayed demands/ dues.
- Dealer should not be a return defaulter during the financial year.
- No penalty has been imposed against the dealer during the preceding 2 years.

The Reward Evaluation Committee shall work out the claims of the winners for reward/appreciation.

[Order No.F.3(632)/Policy/VAT/2015/PF/363-69 dated 10th June, 2016]

ANDHRA PRADESH VAT:

4. Instructions for goods vehicles movement within/ outside the state

The Deputy Commissioners are directed to ensure that the following instructions, which have been issued with an intention to arrest the tax evasion by preventing concealed movement of goods vehicles and misuse of waybills or rotating one waybill for multiple trips:

- No goods vehicle will be detained for long periods without issuance of detention notice. Further, the officers are required to be accessible to the dealers or the person in-charge of the goods vehicle till the issue is settled.
- Under VAT, it is compulsory to register only sensitive commodities. In case, the dealers apply for online registration and it is pending with the department for more than 3 days then system allows for generation of way bill. Therefore, vehicles possessing these way bills shall not be detained. For manual way bills, report of pending application can be checked online in VATIS. Further, action can be taken if the details in the waybills do not match with the goods in the vehicle.
- In cases of trans-shipment, goods vehicles should not be detained if these are covered by all other documents. However, proper enquiry may be conducted in case of suspicion.
- Certain mistakes may be inadvertently committed by the dealers which can be treated as technical offences and action may be taken accordingly.
- During interstate movement, if any parcel lorry is not covered by Transporter declaration then action may be taken against the transporter and penalty may also be levied. Further, the check post staff will mandatorily conduct thorough physical verification & afterwards generate a document similar to Transporter declaration with vehicle number on all the e-waybills and issue it to the transporter. However, necessary action can be taken if any other irregularities are noticed.

[Circular No. CCT's Ref. No.Enft/E3/329/2015 dated 17th May2016]

RAJASTHAN VAT:

5. Insertion of Rule 16A & Rule 28 under Rajasthan Value Added Tax Rules, 2006

Following rules have been inserted under Rajasthan Value Added Tax Rules, 2006 which shall come into force from 23.05.2016:

Rule 16A (Application for seeking permission for change of Assessing Authority and amendment in registration certificate)

- An application for change in principal place of business outside the territorial jurisdiction of the present assessing authority shall be filed in e-Form VAT-05 within 30 days from the date of occurrence of such event to the officer authorized by the Commissioner.
- An enquiry shall be conducted by the authorized officer within 30 days of receipt of application and thereafter if he grants the permission then the competent authority may amend the registration certificate in Form VAT-03 within 2 working days. The present assessing authority shall be informed regarding the same.

Rule 28 (Refund in case of wrong deposition or excess deposition of any amount)

- An application for refund of any amount which has been deposited wrongly or in excess shall be submitted by a dealer in e-Form VAT-20AA, after submission of return in Form VAT-10, and along with Form VAT-26 (certificate by CA) duly digitally signed by the Chartered Accountant to the officer authorized by the Commissioner.
- The authorized officer shall conduct an enquiry to verify the refund amount mentioned in the application. If any amount is found refundable, then the application will be forwarded to the assessing authority to grant refund. If the authorized officer is of the opinion that amount is not refundable then he shall pass an order after providing an opportunity of being heard to the dealer.
- The assessing authority shall pass an order for refund in e-Form VAT-23 within 30 days and shall submit the same on www.rajtax.gov.in to the Central Refund Officer within 2 working days of passing of such order.

[Notification No. F. 12(79) /FD/Tax/2014-15 dated 23rd May, 2016]

6. Only Form EL-1 to be filed within 15 days from the end of the relevant month

The Rajasthan Government has specified that the following persons effecting transactions within the State of Rajasthan through electronic media, shall furnish the information for every month or part thereof in Form EL-1 (earlier it was Form EL-1, EL-2 and EL-3) to the Assistant Commissioner/ CTO, within 15 days from the end of the relevant month to which it relates through the website portal rajtax.gov.in:

- (i) effecting sale or purchase; or
- (ii) transports, receives for transportation or delivers goods; or
- (iii) receives any amount for the goods sold or purchased.

[Notification No. F. 16(708)/Tax/CCT/2015/122 dated 31st May, 2016]

MAHARASHTRA VAT:

7. Go Live of SAP based new registration functionality

The Maharashtra Government has provided a new SAP based system. Accordingly, the Billing Software was made available from 14.05.2016 for helping the small dealers to prepare annexures of sales and purchases. Now the new functionality of Registration based on SAP has been provided from 25.05.2016. Further, actual dates for implementation of other functionalities (i.e. other than registration) will be notified as and when these become ready for deployment.

Moreover, the circular also provides following Annexures in a detailed manner regarding the procedure to download the Billing Software, information as to how to use the Billing Software, the changed procedure because of new SAP based registration:

Annexure A: The changes in the processes of Registration

Annexure B: The free Billing Software

Annexure C: The Transition Issues relating to registration

Annexure D: About the Help from offices

[Trade Circular No. 18T of 2016 dated 24th May, 2016]

HARYANA VAT:

8. Amendments in Rule 11, 13 & 14 of Haryana Value Added Tax 2003

Following amendments have been made *vide Notification No. 15/ST-1/H.A. 6/2003/S.60/2016 dated 25th May, 2016* in Haryana Value Added Tax Rules, 2003:

Rule 11 (Procedure for Registration)

- A proof of deposit of Rs. 500 to the appropriate Government treasury on account of registration fee shall be submitted along with Form VAT-A1 (application for registration). Hitherto, treasury receipt showing deposit of Rs. 100 was to be duly affixed on the application of registration.

- A notice will be issued to applicant *within 5 days* from the receipt of registration application if any deficiency is noticed by the assessing authority. In case the applicant fails to rectify the deficiency, then the application may be rejected. Earlier, if the application was not correct and complete or the applicant was not a bonafide dealer or has not complied with any direction given, then the assessing authority may reject the application after giving the dealer an opportunity of being heard.
- If the assessing authority is satisfied that the applicant is a bonafide dealer and has deposited the registration fee in full, and has furnished the security (if demanded) and the application is in order then registration certificate in Form VAT-G1 shall be issued within 15 days from the date of receipt of application. Hitherto, the time limit of 15 days was not provided.

Rule 13 (Procedure for amendment in Registration Certificate)

A proviso has been inserted stating that the assessing authority may dispose of the application for amendment in registration certificate within 15 days from the date of receipt of the application along with the supporting documents.

The aforesaid proviso has also been inserted under **Rule 14(1)** for cancellation of Registration Certificate.

[Notification No. 15/ST-1/H.A. 6/2003/S.60/2016 dated 25th May, 2016]

9. Procedure for Haryana Amnesty Scheme, 2016

The Haryana Amnesty Scheme, 2016 is an arrangement for dealers affected during the reservation agitation in the month of February, 2016 to provide relief in respect of tax, interest, penalty or other dues payable for the period from the 01.01.2016 to 31.03.2016. Following are some conditions & restrictions provided for this scheme:

Submission of application: The affected dealer shall apply for the scheme within 60 days from the date of the notification of the scheme in the Official Gazette or from the date of being considered entitled to compensation by the designated authority or committee, whichever is later.

Constitution of committee: A committee consisting of two senior most Excise and Taxation Officers and the concerned Assessing Authority shall examine each application and make a report within 30 days to the concerned Deputy Excise and Taxation Commissioner (ST). If he finds that the information

provided in the application is incomplete or incorrect then he may serve a notice directing the applicant to show cause as to why his application should not be rejected. Thereafter, within 15 days from the date of notice, the Deputy Excise and Taxation Commissioner (ST) may pass an appropriate order on the application.

Objects of Scheme:

- The tax payable by an affected dealer on the turnover of goods sold by him during February, 2016 shall stand waived off. However, the relief of tax waiver allowed shall not exceed the average monthly tax payable under the Haryana VAT Act and CST Act during the period 01.04.2015 to 31.12.2015.
- The affected dealer shall be exempted from payment of interest, for non-payment of tax on the turnover of goods sold during the months of January, 2016 and March, 2016 provided such tax is paid by the 31.07.2016.
- An affected dealer who has failed to use the goods purchased for specified purpose against declaration in Form D-1 or Form C due to damage, destruction or loss of such goods during the reservation agitation shall get immunity from penalty.
- The dealer who has lodged claim may submit the returns for the period 01.01.2016 to 31.03.2016 upto 31.07.2016.
- An affected dealer shall be entitled to claim ITC even in respect of the goods damaged, destroyed or lost during the reservation agitation.
- The amount received as compensation or insurance claim received shall not be considered as valuable consideration towards the goods damaged, destroyed or lost during the reservation agitation.

[Notification No.16 /ST-1/H.A.6/2003/S.59A/2016 dated 27th May, 2016]

GUJARAT VAT:

10. Provisional Refund upto Rs 1 lakh within 30 days

Sub-rule (5A) has been inserted under Rule 37 (Provisional Refund) empowering the Commissioner to grant provisional refund upto Rs. 1 lakh for a full amount within 30 days from the date of submission of all documents & after fulfilling the following conditions:

- The refund paid in the previous year should not have exceeded Rs. 1 lakh.
- The dealer should be holding a registration certificate for more than 2 years.

[Notification No. (GHN-34) VAR-2016(38)TH dated 25th May, 2016]

11. Amendment in Rule 5 of Gujarat Value Added Tax Rules, 2006

Following sub-rules of Rule 5 have been amended vide *Notification No. (GHN-36) VAR-2016(39) / TH dated 31st May, 2016*:

Sub-rule (1): The dealer making an application shall upload on the website the scanned copies of Form 101 along with the Forms appended to Form 101 duly signed and scanned copies of the required documents. Hitherto, the application was to be made to the registering authority along with the attested copies of the requisite documents.

Sub-rule (1)(c)(iii): Along with attested copy of agreement or lease deed, a copy of property card or property tax bill of last year or copy of latest index-2 issued by the Sub-Registrar of Stamp Duties received by the owner of the rented premises is also be attached.

A sub-clause (11) has been inserted under **sub-rule (1)(d)** stating that copy of DIN obtained from the registrar of companies shall be submitted with the registration application.

Copies of challan for the payment towards security amount are not required to be submitted along with registration application. **[Sub-rule (1)(e)]**

Sub-rule (11): The security amount of Rs. 10,000 has to be deposited by way of e-payment in the Government treasury for each registration.

Sub-rule (13): A provisional registration number shall be given within 24 hours from uploading the application along with required documents. Hitherto, it was allotted within 3 working days from the date of receipt of application.

Sub-rule (14): For the procedure of post verification, hard copies of the documents duly signed by the applicant shall be obtained and shall be attested by the officer carrying out post verification. Further, a registration certificate converting the provisional into permanent registration shall be issued within 48 working hours after the completion of post verification. Hitherto, it was issued within 30 days from the date of receipt of application.

Sub-rule (15): During post verification, if the registering authority is not satisfied with any detail furnished by the dealer then within 3 working days from the date of uploading the application he shall give an opportunity to the

dealer for the compliance of the query raised within 7 days. If the registering authority is satisfied with the compliance by the dealer then permanent registration shall be issued within 1 day from the date of such compliance. However, if he is not satisfied with the compliance then he shall intimate the dealer about refusal within 7 days.

Sub-rule (16): The provisional registration number shall be deemed to have been converted into permanent registration if the post verification is not carried out within 11 days from the date of uploading of application. (Earlier it was within 30 days from the date of receipt of application)

[Notification No. (GHN-36) VAR-2016(39) / TH dated 31st May, 2016]

TELANGANA VAT:

12. Tax payer friendly procedure for e-registration

The Telangana Government has provided the following registration procedure to ensure a tax payer friendly regime and thereby ensuring ease of doing business:

Registration Application: The dealer shall apply via e-Registration from 01.06.2016 onwards through the CTD portal to the concerned Circle Office for Registration. A GIS based jurisdictional mapping system will assist the dealers to locate their correct Jurisdiction. Alternately, the dealer can file VAT/CST/TOT registration application through TS I Pass portal. All supporting Documents shall be scanned and uploaded by the dealer.

Processing of Registration Application:

- On receipt of the application, the Registering authority shall scrutinize the application along with the supporting documents and cross check the validity of Aadhar number and PAN of the dealer.
- If the application is found to be in order, then it shall be approved within 1 working day of its receipt.
- If any discrepancy is found in application or the uploaded documents then the Registering authority may raise a query with valid reasons and the dealer has to reply within 7 days, else his online application is deemed to be cancelled.
- In case of rejection of a registration application, the Registering Authority should issue a rejection order by recording the reasons in writing in Form VAT 103 /TOT 017.

Issue of Registration Certificate:

- If the Registration application is accepted, TIN is generated and intimated to the dealer by e-mail.
- Once the TIN is generated, the Registration Certificate is to be signed by the Registering Authority, scanned and uploaded to dealer's login.
- Once Digital Signatures are in place; the RC is to be issued with the Digital Signature of the Registering Authority.
- It is also informed that the authenticity of the TIN and the dealer registration details can be verified using the "Verify TIN" Facility on the CTD portal.

[Circular-CCT's Ref No. CS(1)/18/2015, dated 23rd May, 2016]

13. Prescribed discount rate of 8% for calculating & paying net present value of deferred taxes by an industrial unit

The Telangana Government has prescribed a discounting rate of 8% for calculating and paying the net present value of the deferred taxes by an industrial unit if the current year instalment is paid at least 10 months in advance. This discounting rate shall be in force from 01.06.2016 and valid upto 31.03.2017. Accordingly, the discount rate of 7% has been rescinded w.e.f. 01.06.2016.

[Notification No. G.O. Ms. No. 115 dated 1st June, 2016]

14. Instructions for Inspections/ Audits & Assessments

The objective of audit is to optimise Revenue collection and improve Tax Compliance. Therefore, planning and arranging an appointment for audit with the dealer is required in General Audit, 'except,' in case of a surprise or specific or special audit. Selection of general audit should be made on the basis of defined parameters in the VATis and authorized through System in FORM ADM 1B.

The Add./ Joint Commissioner, Enforcement wing and the Deputy Commissioners should authorize the officers for inspection/ Audit/ Assessments for addressing probable tax evasion:

- Surprise Audit wherein prior intimation is not necessary to maintain confidentiality in addressing probable Tax evasion.
- Specific Audit is to be done on the basis of intelligence information or on receipt of urgent reference and potential unregistered dealers.
- Special Audit is to be done where evidences or information of serious fraud are available that needs in depth investigation.

[Circular-TSCCT's Ref No. Enft/33/75/2016 dated 10th June, 2016]

JAMMU & KASHMIR VAT:

15. Exemption period extended for hotels, lodges & guest houses upto 31.03.2017

The Jammu & Kashmir Government has extended the exemption from payment of tax by hotels, lodges and guest houses providing lodging facilities from 30.06.2016 to 31.03.2017.

[Notification No. SRO 164. dated 30th May, 2016]

MADHYA PRADESH VAT:

16. Two classes of registered dealers are notified for the assessments cases for FY 2014-15

The Madhya Pradesh Government has notified the following two classes (A) and (B) of registered dealers whose assessments cases are pending for the year 2014-15 and directed that their assessments shall be deemed to have been made as per the following scheme:

Particulars	Class (A)	Class (B)
Registered dealers included	Having annual turnover up to Rs. 50 crore during the year 2014-15	Having annual turnover above Rs. 50 crore during the year 2014-15
Does not include	-	<ul style="list-style-type: none">Dealers in whose assessment orders of last three continuous years, additional demand of tax has been created.
	<ul style="list-style-type: none">Industrial unit eligible to avail the exemption/ deferment of tax payment/ Investment Promotion Assistance under any notification issued.Dealers whose tax evasion case has been detected for FY 2014-2015.Dealers in whose cases notice have been issued for additional tax amount or where notice have been issued after Tax Audit and this requirement has not been complied with before submission of application.In case refund of any kind is due to him.	
Acts & the assessment	Pending assessment cases under the MP VAT Act, 2002, CST Act, 1956 and the MP Sthaniya Kshetra Me Mal Ke Pravesh Par Kar Adhiniyam,	

year	1976 for the year 2014-15.	
Application	Form A, B or C	Form D, E or F
Time limit	To be submitted within 60 days from the publication of scheme to the assessing officer before whom the assessment case for the year 2014-15 is pending.	
Documents to be enclosed	<ul style="list-style-type: none"> • A court fee stamp of Rs. 5 shall be affixed on every application. • A copy of challan as a proof of payment of tax and interest if any. • A list of sales and purchases for the assessment period. If already submitted then it will not be needed again. • Every dealer whose turnover exceeds Rs. 1 crore during FY 2014-15 shall submit an audit report prepared by the Chartered Accountant. However in case turnover exceeds Rs. 10 crore then audit report in form 41-A has to be submitted. • The declaration prescribed for exemption and concessional rate of tax also shall be enclosed. 	
Dealers not submitted application	If no information is available relating to purchases or sales made in the departmental record or where a satisfactory field report has been filed by any departmental officer to this effect then assessment shall be deemed to have been made for such dealer.	
Procedure	<ul style="list-style-type: none"> • An opportunity of being heard shall be given to the applicant if the application is incomplete or any mistake of calculation is detected. • If any aforesaid defect is found, a show cause notice shall be issued and the hearing date shall be fixed and communicated to the applicant. • The applicant shall rectify the defect and file the documents. Afterwards the competent officer shall accept the application and assessment shall be deemed to have been made. • If the dealer remains absent on the hearing date or the defect is not removed, the application shall be rejected. • The intimation for acceptance of the application shall be sent within 30 days from the date of application. 	

[Notification No. F-A-3-20-2013-1-V-(32). dated 30th May, 2016]

KERELA VAT:

17. Date extension for filing Annual return for FY 2015-16 upto 31.07.2016

Kerala Government vide *Circular No. 06/ 2016 No.C1-17064/16/CT dated 01st June, 2016* has extended the due date for filing Annual Return & enclosures for the financial year 2015-16 from 30.04.2016 to 31.07.2016.

[Circular No. 06/ 2016 No.C1-17064/16/CT dated 01st June, 2016]

HIMACHAL PRADESH VAT:

18. Amendments made to the Himachal Pradesh Value Added Tax Act, 2005

The Himachal Pradesh *Bill No. 7 of 2016* have received the assent of the Governor on 26th May 2016 and therefore, the following amendment will take effect accordingly:

Section 11 (Input Tax Credit)

Situation where dealer-	Earlier Penalty	New Proposed
Falsely claims ITC in his returns	Twice of such claim or credit	Amount equal to such claim or credit
Claims incorrect ITC in the return	50% of such claim or credit	25% of such claim or credit

Section 14A (Application for grant of Provisional Registration Certificate)

has been inserted which provides that:

- Any person can apply for registration by online application along with scanned copies of the prescribed documents.
- The Provisional Registration Certificate (RC) shall be granted within 3 working days of receipt of application.
- Afterwards, the applicant may be directed to produce evidence and documents and also the accounts relating to the business for verification. On being satisfied, the prescribed authority shall issue a Permanent RC within 30 days from the date of receipt of application.
- However, prescribed authority may reject the application & cancel the Provisional RC within 30 days of receipt of application if it is satisfied that the particulars given are incorrect or that the applicant has misrepresented certain facts only after giving an opportunity of being heard to the applicant.

Section 16 (Payment of tax and returns)

Particulars	Earlier penalty when annual tax liability is more than Rs. 20 lakhs	New Penalty
Failure / delay to file monthly returns	Rs. 1,000 per day	Rs. 1,000 per day subject to maximum of Rs. 50,000

Further, where a dealer has closed down his business or has left the business without getting his RC cancelled then the Assessing Authority shall suspend the RC immediately and thereafter no further incremental penalty shall be imposed.

Section 27A (Special provision for settlement of pendency and arrears) has been inserted, which provides a Settlement Scheme for cases of a particular period where the dealer could not submit the statutory forms required for assessment. The Scheme will allow for waiver of the tax amount, interest and penalty.

Section 49A (Advance Ruling) has been inserted, which provides that:

- An 'Advance Ruling Authority (ARA)' is constituted to clarify the rate of tax or the eligibility to tax of any transaction or eligibility of deduction of input tax or liability of deduction of tax at source.
- Any registered dealer can make an application accompanied by proof of fee payment.
- The Authority after examining may either admit or reject the application. Further, the application shall not be accepted where the question raised:
 - is already pending or
 - relates to a transaction which is designed apparently for the avoidance of tax.

Moreover, no application shall be rejected unless an opportunity of being heard is given and reasons for such rejection shall be recorded in the order.

- The order shall be passed within 90 days of the receipt of application. A copy of every order shall be sent to the applicant and the officer concerned.

[Act No. 10 of 2016]

JHARKHAND VAT:

19. Insertion of Section 80A (Advance Ruling) under Jharkhand Value Added Tax Act, 2005

Section 80A has been inserted under Jharkhand Value Added Tax Act, 2005 to provide for advance ruling which has been made effective from 01.04.2016:

- Any registered dealer may apply for obtaining an advance ruling on the interpretation of any provision of Act, Rules or Notifications issued in respect of a transaction proposed to be undertaken.

- The Tribunal may reject the application if it finds that there is no involvement of any important or substantial question of Law, but only after giving a reasonable opportunity of being heard to the applicant.
- The Tribunal shall pronounce its advance ruling within 4 months of the receipt of the application by it. Further, the pronouncement made shall be prospective & binding on the applicant and the authorities appointed unless there is a change in Law or facts.
- On an application from Commissioner, the Tribunal shall review, amend or revoke its ruling for good and sufficient reason after giving an opportunity to the affected applicant.
- When the Tribunal finds that the advance ruling has been obtained by misrepresentation of facts then it may by order & after giving an opportunity of being heard shall declare the ruling as void-ab-initio & thereupon all the provisions of the Act shall apply to the applicant as if such Advance Ruling has never been made.

[Jharkhand Ordinance-03, 2016]

20. Issuance of registration certificate within one day of application submission

The Jharkhand Government has directed that the registration certificate in Form JVAT-106 be issued within one day instead of 5 days from date of filing of application in Form-JCRF for obtaining registration under JVAT, JENT, JHLT, JAT & JED.

Further, a new clause (d) has been inserted under sub-rule (vi) providing that the facilities of issuance of SUGAMS P, G and B to newly registered dealers shall be available to the extent of amount of security bond furnished and equal to the amount of tax involved in transactions made through SUGAMS. If further issuance of SUGAMS is required, the dealer shall be required to furnish additional security bond and to deposit additional tax as required.

[Notification No. S.O-27 dated 8th June, 2016]

SIKKIM VAT:

21. Suppliers and contractors having turnover above taxable limit should have valid registration certificate

The Sikkim Government has directed that all the suppliers and contractors having turnover above Rs. 5 Lakhs shall hold a valid registration certificate. Further, all the Heads of the Departments and PSUs are also directed to

ensure that bills submitted for payment are bearing the registration number (TIN) of the supplier or the contractor i.e. bills not bearing the TIN shall not be accepted for payment.

Moreover, all the payments against supply and work contract are also subjected to deduction of VAT and environment Cess at source.

[Circular No. 1/CT1/2016 dated 9th June, 2016]

TAMIL NADU:

22. Issue of manual C & F Forms has been extended upto 31.07.2016

The Tamil Nadu Government has extended the last date from 31.03.2016 to 31.07.2016 for issue of manual C & F forms for the inter-state transactions already reported and properly accounted for. Therefore, all the dealers are informed to utilize this opportunity and get the forms from the assessment circles by producing the connected documents as this date will not be extended further.

[Circular No.6/2016 CC4/678/2012 dated 13th June, 2016]