

## Summary of Notifications, Circulars from 16<sup>th</sup> June, 2016 to 15<sup>th</sup> July, 2016

### SERVICE TAX

#### 1. **Services Provided prior to 31st May 2016 exempt from Krishi Kalyan Cess (KKC)**

The Central Government vide Notification No. 35/2016 – ST dated June 23, 2016 has exempted taxable services for which the invoice for the service has been issued on or before the 31st May, 2016, from the whole of Krishi Kalyan Cess provided that provision of service has been completed on or before the 31st May, 2016.

*[Notification No. 35/2016 – ST dated June 23, 2016]*

#### 2. **Transportation of goods by a vessel from outside India upto the customs station in India prior to 31st May 2016 exempt from Service Tax**

The Central Government vide Notification No. 36/2016 – ST dated June 23, 2016 has exempted from service tax the taxable services by way of transportation of goods by a vessel from outside India upto the customs station in India for which the invoice has been issued on or before the 31st May, 2016, provided that the import manifest or import report required to be delivered under section 30 of the Customs Act, 1962 has been delivered on or before the 31st May, 2016 and the service provider or recipient produces Customs certified copy of such import manifest or import report.

*[Notification No. 36/2016-Service Tax, Dated: June 23, 2016]*

### CENTRAL EXCISE

#### 3. **Common registration and return for First Stage Dealer and Importer**

The Central Government vide *Notification No. 30/2016-Central Excise (N.T.), Dated: June 28, 2016* has provided that an assessee who is registered as a First Stage Dealer is exempt from taking registration as an importer and vice-versa. A single registration would suffice for both the activities at the option of assessee.

It has also been clarified that assessee's opting for a single registration for both activities need to file a single quarterly return giving details of transactions as a first stage dealer and an importer, one after the other in the same table of the return.

*[Notification No. 30/2016-Central Excise (N.T.), Dated: June 28, 2016 & Circular No. 1032/20/2016-CX, Dated: June 28, 2016]*

#### **4. Time limit for taking Registration under Central Excise by Jewellers**

The Central Government vide Circular No. 1033/21/2016-CX dated July 1, 2016 has extended the time limit for taking central excise registration of an establishment by a jeweller upto 31st July 2016. Further, the central excise duty is liable to be paid from 1st March 2016, however jewellers may make the payment of excise duty for the months of March, 2016; April, 2016 and May, 2016 along with the payment of excise duty for the month of June, 2016 upto the extended date of July 31, 2016.

*[Circular No. 1033/21/2016-CX dated July 1, 2016]*

#### **5. Procedure for supply of bunker fuels to Indian vessels carrying containerised cargo**

Central Government vide *Circular No. 1034/22/2016-CX, Dated: July 01, 2016* has prescribed procedure for clearance of indigenous bunker fuels (i) IFO 180 CST (ii) IFO 380 CST without payment of Central Excise duty for use in ships or vessels from bonded stocks of bunker fuel being maintained by the Oil Manufacturing Companies (OMCs) at the ports located in the coastal areas where the specified ships/ vessels operate.

Procedures are prescribed for availing exemption, Submission of utilisation certificate, Reconciliation and recovery in the aforesaid clearance.

The same facility has also been extended the facility of removal of specified excisable goods from the factory of production to a warehouse or from one warehouse to another warehouse without payment of duty to bunker fuels for use in ships or vessels

*[Circular No. 1034/22/2016-CX, Dated: July 01, 2016] [Notification No. 31/2016-Central Excise (N.T.), Dated: July 4, 2016]*

#### **6. Recovery of confirmed demands during the pendency of stay application**

Earlier the Central Government vide Circular No. 967/1/2013-CX dated 01.01.2013 provided clarification on the issue of recovery of confirmed demands during the pendency of stay application filed by the assessee. However, Hon'ble High Court of Punjab and Haryana judgment in case of M/s PML Industries Ltd. Vs Commissioner of Central Excise - 2013-TIOL-201-HC-P&H-CX pronounced that during the pendency of stay, irrespective of the conduct of the assessee, no recovery could be made. SLP filed by the Department against this judgment has also been dismissed by the Hon'ble Supreme Court, thus upholding the decision of the Hon'ble High Court.

Based on the decisions, Circular No. 967/1/2013-CX dated 01.01.2013 has been rescinded by the Government.

Also, in cases where stay application is pending before Commissioner (Appeals) or CESTAT for periods prior to 06.08.2014, no recovery will be made during the pendency of the stay application. For subsequent period i.e. from 06.08.2014 onwards, if the assessee has made the payment of stipulated amount as pre-deposit of 7.5% / 10%, and the copy of appeal memo is filed with the appellate authority to the jurisdictional authorities, no coercive measures for recovery of the balance amounts can be taken during the pendency of the appeal.

Further, as a measure of liberalization and to ensure uniformity of practice the Central Government has clarified that recovery proceeding in relation to an order of Hon'ble High Court or Tribunal confirming demand of duty, may be initiated only after a period of 60 days from the date of order of the Hon'ble Tribunal or Hon'ble High Court, where no stay has been granted by Hon'ble High Court or Hon'ble Supreme Court against the order of Hon'ble Tribunal or Hon'ble High Court, respectively.

*[Circular No. 1035/23/2016-CX dated July 4, 2016]*

## **7. Excise duty on Jewellery – Increase in SSI Limit**

As per the recent press release made by CBEC, Central Government has decided to increase for manufacturers of articles of jewellery or parts of articles of jewellery or both:

- a) The SSI Eligibility limit from Rs. 12 Crore to Rs. 15 Crore;
- b) The SSI Exemption limit from Rs. 6 Crore to Rs. 10 Crore in a financial year and Rs. 85 lakh for the Month of March, 2016;

Further, the government has accepted the recommendations of the sub-committee of the High Level Committee (Lahiri Committee) which are as follows:

- a. No requirement to submit any ground plan of the premises for taking Excise registration
- b. Excise Duty on jewellery is payable at first sale invoice value;
- c. In case the invoice does not show excise duty separately, the value for VAT will be treated as cum duty value [i.e. Value + Excise Duty];
- d. No Excise Duty may be payable on the sale of traded goods;
- e. Records maintained for State VAT and other private records, showing details of inputs, stocks, manufactured goods, sold/exported goods, etc. to be accepted for excise purposes. Stock details to be maintained on weight and cartage basis;
- f. Movement of jewellery, which does not involve sale, for example, movement of jewellery, to be shown as samples, branch transfers not involving sale, for display in

- exhibition, for hallmarking, and for approval before sale, may not be liable to excise duty. No transit checks by excise officers;
- g. When a retail customer brings jewellery [other than in form of gold or any precious metal] to a jeweller which is converted into new jewellery by the jeweller or a job worker of such jeweller, excise duty will be payable only on value addition, including cost of additional materials and labour charges charged, subject to the maintenance of certain records;
  - h. Repairs and alterations, which do not change the identity, character and use of the goods and do not result in a new item is not “manufacturing” and may not attract excise duty;
  - i. Excise Duty of 1 % without input and capital goods tax credit or 12.5 % with credit may apply to parts of articles of jewellery, made of platinum, gold and silver;
  - j. An optional scheme may be prescribed for jewellers who are not able to maintain separate physical stocks and / or records of manufactured and traded goods. For availing the optional scheme, a principal manufacturer of jewellery shall maintain separate stocks on weight and/or carat basis separately for:
    - Silver studded jewellery;
    - Gold or platinum jewellery studded with diamonds; and
    - Other gold or platinum jewellery [that is other than gold or platinum jewellery studded with diamonds]
  - k. No excise audit may be carried out, for the first two years, for units whose duty payment (cash plus credit) is less than Rs. 1 crore, [that is turnover of manufactured goods less than Rs. 100 crore.]
  - l. No visit, search and seizure at job workers premises;
  - m. No visit to premises of the principal manufacturer [jeweller], except on the basis of specific intelligence and with the approval of Commissioner or equivalent rank officer
  - n. Summons may be issued only with the approval of Commissioner

[Office Memorandum No. F. No.296/07/2016-CX.9 Dated: July 13, 2016]

## CUSTOMS

### 8. Honnavar port in Karnataka appointed for unloading of imported goods and loading of export goods

CBEC vide *Notification No. 97/2016-CUSTOMS (NT), Dated: July 8, 2016* has declared the following as Customs Port in State of Karnataka for the purpose mentioned against it:

S. No.	Place	Purpose
1.	"(9) Honnavar	Unloading of imported goods and loading of export goods or any class of such goods."

*[Notification No. 97/2016-CUSTOMS (NT), Dated: July 8, 2016]*

**9. Launch of special drive from 1.7.2016 to 30.9.2016 to resolve pending issues in drawback cases**

Central Government vide *Instruction No. F.No.609/14/2014-DBK dated June 30, 2016* has decided to launch a concerted drive from 1.7.2016 to 30.9.2016 to -

- a) Weed out generalized queries or irrelevant requests for information in queried cases by undertaking a review of the database of queries and resolve such queried cases;
- b) Redress the above cited type of zero-zero drawback cases where exporters have produced the documents / replied to queries.

Further, zones are required to continue ensuring that there is no hold up of drawback and that processable case are disbursed timely.

*[Instruction No. F.No.609/14/2014-DBK dated June 30, 2016]*

**10. Sale of goods at Duty Free Shops in Indian Currency**

Central Government vide *Circular No. 31/2016-CUSTOMS, Dated: July 6, 2016* has provided that the passengers are now permitted to purchase goods at duty free shops in Indian rupees up to an amount not exceeding Rs 25,000/- as against earlier limit of Rs. 5,000/-.

Further, the Duty Free Shops are requested to display prices in Indian Rupees alongwith the rate of exchange as published by the commercial banks for conversion of foreign currency or the rate of exchange notified by the CBEC on a fortnightly basis for import and export of goods. Accordingly, the websites of DFS / Airports need to be accurately updated with regard to the facility and limit in use of Indian currency for making purchases.

*[Circular No. 31/2016-CUSTOMS, Dated: July 6, 2016]*

**11. Procedure for accounting storage etc. for Duty Free Shops**

Central Government vide *Circular No. 32/2016-CUSTOMS, Dated: July 13, 2016* has prescribed a system of accounting of receipt, storage, operations and removal of goods with regard to Duty Free Shops. The following has been provided for:

- Maintenance of records of warehoused goods only in digital form effective 14<sup>th</sup> May 2016.
- Filing of returns in relation to warehoused goods
- Acknowledgement of the receipt of goods in the warehouse
- Facilities such as computer, photocopier, scanner and printer at the warehouse.
- Procedure for removal of goods from the warehouse and accounting thereof
- Security and Solvency Requirements
- In-flight duty free shop
- Recovery of costs
- Administrative arrangements

For detailed circular, please visit [www.cbec.gov.in](http://www.cbec.gov.in)

*[Circular No. 32/2016-CUSTOMS, Dated: July 13, 2016]*

## **12. Amendment in Import of Goods at Concessional Rate for manufacture of excisable goods rules**

Central Government vide *Notification No. 100/2016-Customs (NT), Dated: July 14, 2016* has amended Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2016 to provide that these rules will apply mutatis mutandis to a service provider and any reference to the expressions manufacture, manufacturer, excise duty and factory in these rules will be construed as service, service provider, service tax and registered premises respectively of a service provider referred to in chapter V of the Finance Act, 1994 and the rules made thereunder.

Further, the time limit for Re-export or clearance of unutilised or defective goods under Rule 7 has been increased to 6 months from the existing limit of 3 months.

*[Notification No. 100/2016-Customs (NT), Dated: July 14, 2016]*