

## Summary of Notifications, Circulars from 16<sup>th</sup>April2015 to 15<sup>th</sup>May 2015

### **GOODS & SERVICES TAX**

#### **1. The Lok Sabha passes the 122<sup>nd</sup>Constitutional (GST) Amendment Bill, 2014**

*Way back in the year 2004, Dr. Kelkar Task Force recommended the need of Goods and Services Tax (GST) in India. The Government came out with a First Discussion Paper on GST in November, 2009 and introduced the 115<sup>th</sup>Constitution Amendment (GST) Bill in the year 2011 which was lapsed in the year 2014.*

*122<sup>nd</sup>Constitution Amendment (GST) Bill was introduced on 19<sup>th</sup>November 2014 and has been passed in Lok Sabha on 6<sup>th</sup>May 2015. InRajya Sabha, the Billwas referred to a Select Committee after SH. ARUN JAITELY, Finance Minister of India, moved the motion for referring the Bill (The Constitution One Hundred and Twenty-second Amendment Bill, 2014) to the Select Committee.Now, the 21-member panel will give its report by the last day of the first week of the Monsoon session*

### **SERVICE TAX**

#### **2. Amendment in Mega Exemption Notification 25/2015**

CBEC vide Notification No. 12/2015-ST, Dated: April 30, 2015 has amended Mega Exemption Notification No. 25/2012 - ST dated 20<sup>th</sup>June 2012 to exempt the following:

- a) Service tax on services of General Insurance business provided under Pradhan Mantri Suraksha BimaYojana (PMSBY) – Entry 26 item ‘p’
- b) Service tax on services of Life Insurance business provided under Pradhan MantriJeevanJyotiBimaYojana (PMJJBY) - Entry 26A item ‘e’
- c) Service tax on services of Life Insurance business provided under Pradhan Mantri Jan DhanYojana (PMJDY) - Entry 26A item ‘f’
- d) Service tax on services by way of collection of contribution under Atal Pension Yojana (APY) – Entry 26B

*[Notification No. 12/2015-ST, Dated: April 30, 2015]*

### **CENVAT CREDIT**

#### **3. Credit of Cess can be used for payment of Excise Duty**

Finance Act, 2015 has abolished Education Cess and Secondary and Higher Education Cess (collectively referred as ‘cess’); in case of Excise Duty w.e.f. 1<sup>st</sup>March,

2015 and in case of Service Tax w.e.f. a date to be notified after the enactment of the Act. This amendment had raised questions regarding fate of cess, majorly, in following cases:

- Closing balance of cess as on 28<sup>th</sup>February, 2015;
- Cess in respect of inputs and capital goods received in factory in F.Y. 2014-15 but CENVAT Credit is omitted to be availed;
- Cess in respect of input services received in F.Y. 2014-15 but CENVAT Credit is omitted to be availed;
- Deferred cess of Capital Goods received in factory in F.Y. 2014-15;
- Cess in respect of Capital Goods received in factory prior to F.Y. 2014-15;
- Cess in respect of inputs and capital goods received on or after 1<sup>st</sup>March, 2015; and
- Cess in respect of input services availed on or after 1st March, 2015.

To remove difficulties CBEC vide *Notification No.12/2015-Central Excise (N.T.), dated 30.04.2015* has amended Rule 3(7)(b) of the CENVAT Credit Rules, 2004 so as to allow utilisation of credit of Education Cess and Secondary & Higher Education Cess for payment of basic excise duty in the following situations:

- a) Education Cess and Secondary & Higher Education Cess on inputs or capital goods received in the factory of manufacture of final product on or after the 1<sup>st</sup>March, 2015;
- b) Balance 50% Education Cess and Secondary & Higher Education Cess on capital goods received in the factory of manufacture of final product in the financial year 2014-15; and
- c) Education Cess and Secondary & Higher Education Cess on input services received by the manufacturer of final product on or after the 1<sup>st</sup>March, 2015.

Therefore, though Central Government has allowed utilising CENVAT Credit of cess in three cases mentioned in para supra; fate of cess in respect of other points is still full of doubts.

*[Notification No.12/2015-Central Excise (N.T.), dated 30.04.2015]*

#### **4. Clarification regarding CENVAT Credit in transit sale through dealer**

Notification No. 08/2015-CE(NT) dated 1<sup>st</sup>March, 2015 has amended Rule 11(2) of the Central Excise Rules, 2002 to provide that if the goods are directly sent to any person on the direction of the registered dealer, the invoice shall also contain the details of the registered dealer as the buyer and the person as the consignee, and that person

shall take CENVAT credit on the basis of the registered dealer's invoice. Similar provisions are also inserted for sale by importer.

This amendment raises question on fate of Circular No 96/7/95-CX dt 13-2-1995, 137/48/95-CX dt 18-7-1995 and 218/52/96-CX dt 4-6-1996, in so far as these circulars pertain to availment of credit on strength of original manufacturer's invoice where a dealer including an indenting dealer has procured order and has arranged direct transport of the goods from the premises of the manufacturer to the premises of the consignee.

To remove doubts CBEC vide *Circular No. 1003/10/2015-CX, Dated: May 05, 2015* has clarified that the 3<sup>rd</sup> and 4<sup>th</sup> proviso of Rule 11(2) of Central Excise Rules, 2002, dealing with removal of goods on invoice, are to allow an additional facility for direct transport of goods from the manufacturer or the importer to the consignee where the consignee may avail CENVAT Credit on the basis of the Cenvatable invoice issued by the manufacturer or the registered importer. The need for the goods to be brought to the premises of the registered importer or the registered dealer for subsequent transport of the goods to the consignee is done away with this facility. Thus, in order to save cost, time and improve the ease of doing business this additional facility is provided where in case of transit sale, it is not compulsory for registered/ unregistered dealer to issue Cenvatable invoice and Consignee may take CENVAT Credit on the basis of manufacturers/ registered importers invoice.

*[Circular No. 1003/10/2015-CX, Dated: May 05, 2015]*

## **EXCISE DUTY**

### **5. Goods cleared from DTA to SEZ treated as Exports**

*Notification No. 06/2015-C.E. (N.T.) dated March 1, 2015* inserted a Clause (1A) in Explanation 1 to Rule 5 of the Cenvat Credit Rules, 2004 to provide that "export goods" means any goods which are to be taken out of India to a place outside India".

Accordingly, with the insertion of the words "taking goods out of India to a place outside India", fate of refunds/ rebate in case of Deemed exports raised concerns among the Trade.

To remove the doubt, CBEC vide *Circular No. 1001/8/2015-CX, Dated: April 28, 2015* has clarified that Benefit of rebate of duty under Rule 18 of Central Excise Rules, 2002 and Refund of accumulated CENVAT credit under Rule 5 of CENVAT Credit Rules,

2004 will continue to be available on goods cleared from Domestic Tariff Area (DTA) to Special Economic Zone (SEZ).

As per the provisions of SEZ Act, supply of goods from DTA to the SEZ is treated as export; as a SEZ is treated as a territory outside the customs territory of India. The DTA supplier supplying goods to the SEZ shall clear the goods either under bond or as duty paid goods under claim of rebate on the cover of ARE-1. Thus, any licit clearances of goods to an SEZ from the DTA will continue to be treated as export only.

Therefore, though Central Government has clarified in respect of benefit to clearance made from DTA to SEZ; fate of benefit inclearance from DTA to EOU is still in doubt.

*[Circular No. 1001/8/2015-CX, Dated: April 28, 2015]*

### **Karnataka Professional Tax**

#### **1. Person mandatory required to register electronically under Karnataka Professional Tax**

Every employer or self-employed person are required to apply electronically for registering himself under the Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976 within 30days from the commencement of his profession.For more information, log on to <http://ctax.kar.nic.in> or <http://pt.kar.nic.in>

*[Public Notice No. PT/CR-18/2014-15 Dated: 15th April, 2015]*

### **Punjab VAT**

#### **2. Tax incentive scheme for expansion projects by an eligible unit in eligible area**

A new rule Punjab Value Added Tax (Incentives for expansion projects) Rules, 2015 has been prescribed vide *Notification No. G.S.R. 19/P.A.8/2005/Ss.8-E and 70/2015 Dated 6<sup>th</sup>April, 2015* which provide incentive for expansion of project in varius zone area in Punjab. The incentive range from 12.5% VAT + 25% CST to 45% VAT + 40% CST depending upon the amount of Investment and Zone area of investment. The detailed guideline and condition have been prescribed in the rule.

*[Notification No. G.S.R. 19/P.A.8/2005/Ss.8-E and 70/2015 dated 6<sup>th</sup> April, 2015]*

### **Gujarat VAT**

#### **3. Carrying of electronically generated Form 402, 403, 405 with every movement of taxable goods is made mandatory**

Electronically generated Form 402 (Movement of goods within / going outside the state), Form 403 (Goods entering into the state from other states) or Form 405 (Issue of Transit pass) should be accompanied with every movement of taxable goods from, to and through the state from 28<sup>th</sup> April, 2015 .The Forms can be downloaded from [www.commercialtax.gujarat.gov.in](http://www.commercialtax.gujarat.gov.in)

*[Order No.GVL/VAT/ Sec.68 and 69/(5) Dated the 18th April, 2015]*

## **Jammu and Kashmir VAT**

### **4. Electronically filing of return made mandatory**

It is mandatory for the dealer whose gross annual turnover is Rs. 50 lacs and above to file VAT return from first quarter ending June '14 and onwards.

*[Notification No. 02 dated 21<sup>st</sup> April, 2015]*

## **West Bengal VAT**

### **5. Amendment in West Bengal VAT Rules, 2005**

Following amendments have been made in various rule(s) under West Bengal VAT Rules, 2005 through *Notification No 523- F. T.-Dated 2<sup>nd</sup> April, 2015*

- The taxable quantum to pay tax has been increased from Rs. 5 lacs to Rs. 10 lacs.
- The new proviso has been inserted in Rule 5A which provides that there is no need to submit hard copies of the documents, if registration application has been submitted online under digital signature along with scanned documents and declarations as required.
- A composite scheme has been brought by inserting a new rule 16C for the dealers who are engaged in business of hotel, inn, motel, resort, or alike. The dealer has to pay tax on the value of Gross Turnover as mentioned in the notification ranges from 5% to 30%.
- The limit of turnover of sales has been increased from Rs. 5 crore to Rs. 10 crore in a year in Rule 44i.e for submission of P&L A/c and B/S with Audit Report of CA to appropriate assessing authority. The provision has been extended to stock transfer also.

*[Notification No 523- F. T.-Dated 2<sup>nd</sup> April, 2015]*

## **Karnataka VAT**

### **6. Entry tax exempt for new Micro/Small/Medium Enterprise/Large/Mega/Super Mega/Ultra Mega/industrial unit/EOU**

Entry tax has been exempted on the entry of plant & machinery and capital goods and goods to be used as raw material inputs in new Micro/Small/Medium Enterprise/Large/Mega/Super Mega/Ultra Mega/industrial unit/EOU subject to certain conditions as specified in notification.

*[Notification No. FD 01 & II& III & IV CET 2015, dated: 22nd April, 2015]*

## **Maharashtra VAT**

### **7. In case registration is applied online; applicants are not required to attend before the registration authority.**

The applicants are required to upload the scanned documents after submitting the application and then send a demand draft of required fees and necessary documents within 7 days after filing of application. Now, there is no need to attend before the registration authority.

*[Circular No. 5 of 2015 dated 6<sup>th</sup> May, 2015]*