

## Summary of Notifications, Circulars from 16<sup>th</sup> January, 2017 to 15<sup>th</sup> February, 2017

### SERVICE TAX

#### **1. Amendment in Mega Exemption Notification No. 25/2012 – ST – with respect to Services received from a provider of service located in a non- taxable territory**

Central Government vide *Corrigendum dated January 18, 2017 to Notification No. 1/2017-ST, dated: January 12, 2017* has rectified the unintended anomaly by suitably amending the proviso to Entry No. 34 (ii) services by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India received by a person specified is applicable to clause (c) only not to clause (a) and (b).

*[Corrigendum dated January 18, 2017 to Notification No. 1/2017-ST, Dated: January 12, 2017]*

#### **2. Amendment in Mega Exemption Notification No. 25/2012 – ST with regard to Online Information and Data Retrieval (OIDAR) Services**

Central Government vide *Notification No. 05/2017-Service Tax dt. 30-01-2017* has amended Mega Exemption *Notification No. 25/2012-ST dated 20.06.2012* to withdraw the exemption from service tax for online information and database access or retrieval (OIDAR) services provided by a person located in non-taxable territory to an entity in India registered under section 12AA of the Income Tax Act, 1961.

*[Notification No. 05/2017-Service Tax dt. 30-01-2017]*

#### **3. Amendment in Service Tax Rules, 1994**

Central Government vide *Notification No. 06/2017-Service Tax dt. 30-01-2017* has amended amend Service Tax Rules, 1994 to provide that in case of online information and database access or retrieval (OIDAR) services provided or agreed to be provided by any person located in a non-taxable territory and received by non-assesse online recipient, the service tax payable for the month of December, 2016 and January, 2017, may be paid to the credit of the Central Government by the 6th day of March, 2017.

*[Notification No. 06/2017-Service Tax dt. 30-01-2017]*

#### **4. Amendment in Mega Exemption Notification No. 25/2012-ST dated 20.06.2012**

Central Government vide *Notification No. 07/2017-Service Tax dt. 02-02-2017* has amended Mega Exemption *Notification No. 25/2012-ST dated 20.06.2012* with effect from 2<sup>nd</sup> February 2017 so as to provide as follows:

- a) The entry 9B exempts services provided by Indian Institutes of Management (IIMs) by way of 2-year full time residential Post Graduate Programmes (PGP) in Management for the Post Graduate Diploma in Management (PGDM), to which admissions are made on the basis of the Common Admission Test (CAT), conducted by IIM. The said entry is amended to omit the word “residential” appearing in the notification. The exemption remains the same in all other respects.
- b) Under the Regional Connectivity Scheme (RCS), exemption from service tax is provided in respect of the amount of viability gap funding (VGF) payable to the selected airline operator for the services of transport of passengers, with or without accompanied belongings, by air, embarking from or terminating in a Regional Connectivity Scheme (RCS) airport, for a period of 1 year from the date of commencement of operations of the Regional Connectivity Scheme (RCS) as notified by Ministry of Civil Aviation vide new entry S. No. 23A inserted in Mega Exemption notification.

- c) Services provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds by way of life insurance to members of the Army, Navy and Air Force under the Group Insurance Schemes of the Central Government exempted from service tax vide new entry 26D inserted in Mega Exemption notification.
- d) With effect from the date on which the Finance Bill, 2017 receives assent of the President the services by way of carrying out any process amounting to manufacture or production of goods excluding alcoholic liquor for human consumption will be exempted by way of Mega Exemption Notification. Entry No. 30 would be accordingly modified.
- e) A new sub-clause (ya) inserted in clause 2 to provide definition of “process amounting to manufacture or production of goods” to mean a process on which duties of excise are leviable under section 3 of the Central Excise Act, 1944 (1 of 1944), or the Medicinal and Toilet Preparation (Excise Duties) Act, 1955(16 of 1955) or any process amounting to manufacture of opium, Indian hemp and other narcotic drugs and narcotics on which duties of excise are leviable under any State Act for the time being in force.

*[Notification No. 07/2017-Service Tax dt. 02-02-2017]*

## **CENVAT CREDIT RULES**

### **5. Amendment in CENVAT Credit Rules, 2004**

Central Government vide *Notification No. 04/2017-CE(NT) dt. 02-02-2017* has amended CENVAT Credit Rules, 2004 as follows:

- Explanation-I (e) to rule 6 sub-rule 3D of the CENVAT Credit Rules, 2004 has been amended so as to exclude banks and financial institutions including non-banking financial companies engaged in providing services by way of extending deposits, loans or advances from its ambit.
- Rule 10 of the CENVAT Credit Rules, 2004 provides for transfer of CENVAT credit in different cases. In this regard, a new sub-rule (4) has been inserted to provide for a time limit of 3 months [further extendable by 6 months] for approval of requests regarding transfer of CENVAT credit on shifting, sale, merger, etc. of the factory.

*[Notification No. 04/2017-CE(NT) dt. 02-02-2017]*

## **EXCISE**

### **6. Amendment in Central Excise Rules, 2002**

Rule 21 provides for the remission of duty in case the goods have been lost or destroyed etc. Central Government vide *Notification No. 05/2017-CE, dt. 02-02-2017* has amended Central Excise Rules, 2002 to insert a new sub-rule (2) to Rule 21 to provide that a time limit of 3 months [further extendable by 6 months] has been provided now for granting such remission of duty from the receipt of application under this rule read with section 5 of the Central Excise Act, 1944 on sufficient cause being shown and reasons to be recorded in writing.

*[Notification No. 05/2017-CE, dt. 02-02-2017]*