

Summary of Notifications, Circulars from 16th November, 2016 to 15th December, 2016

SERVICE TAX

1. Service Tax Exemption extended to Card Transactions

Central Government vide *Notification No. 52/2016-Service Tax, Dated: December 8, 2016* has amended Mega Exemption *Notification No. 25/2012- ST dated June 20, 2012* so as to exempt services by an acquiring bank, to any person in relation to settlement of an amount upto two thousand rupees in a single transaction transacted through credit card, debit card, charge card or other payment card service. This has been done with a view to promote cashless transactions and encourage card payments as a popular mode of transactions.

Further “Acquiring Bank” has been defined to mean any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card.

[Notification No. 52/2016-Service Tax, Dated: December 8, 2016]

2. Online information and database access excluded from definition of Telecom Service

Central Government vide *Notification No. 51/2016-Service Tax, Dated: November 30, 2016* has amended Place of Provision of Service Rules, 2012 to provide that, with effect from 1st December 2016, Online information and database access or retrieval services have been excluded from the definition of telecom service in addition to broadcasting services specified earlier.

Now the online information and database access or retrieval [OIDAR] services including electronic services in India, provided either by Indian service provider or by a foreign service provider would be taxable in India w.e.f 1st December 2016.

[Notification No. 51/2016-Service Tax, Dated: November 30, 2016]

3. OIDAR services - Jurisdiction to LTU, Bangalore

Central Government vide *Notification No. 50/2016-Service Tax, Dated: November 22, 2016* has amended *Notification No.20/2014-Service Tax, dated 16th September, 2014* to provide that the Principal Commissioner, Bangalore LTU will have exclusive jurisdiction with respect to online information and database access or retrieval services provided or agreed to be provided by a person located in non-taxable territory and received by a ‘non-assessee online recipient’.

[Notification No. 50/2016-Service Tax, Dated: November 22, 2016]

CUSTOMS

4. Jharsuguda district in Orissa notified as Inland Container Depot

Central Government vide *Notification No. 139/2016-Customs (N.T.), Dated: November 25, 2016* has declared the following as Inland Container Depot in State of Orrisa for the purpose mentioned against it:

S. No.	Place	Purpose
1.	"(iii) Jharsuguda	Unloading of imported goods and

		loading of export goods.".
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[Notification No. 139/2016-Customs (N.T.), Dated: November 25, 2016]

5. Rationalization of revised simplified procedure for fixation of brand rates

Presently, there is a delay in disposal of application of the claim of drawback due to the requirement of original duty paying documents to be furnished being endorsed (defaced) by the verifying officer with the extent of utilization for the brand rate application which is a tedious and time consuming activity in which officers replicate the efforts of the applicant and many times involves voluminous documentation being produced by applicant at the government office.

Keeping in view that the use of DBK Statements II and III certified by independent Chartered Accountant/Cost Accountant is already in vogue in the revised simplified brand rate scheme, Central Government vide *Circular No. 54/2016-Customs., Dated November 22, 2016* has clarified that:

- i) in future applications made under the revised simplified brand rate scheme the requirement of submitting original duty paying documents for endorsing/defacement by verifying officer during post-facto checking stage will be dispensed except to the extent of random cross-verification of not more than 5 % originals of the self-attested copies of the total duty paid documents. The random selection will be based on dynamic and relevant risk parameters as indicated by the Commissioner;
- ii) with respect to existing applications under the revised simplified brand rate scheme where brand rate letter is not yet issued or where it has been issued but post-facto verification is pending, the applicant may choose either to –
 - (a) continue with the existing procedures; or
 - (b) have the requirement of submitting original duty paying documents dispensed (subject to random cross-verification of originals) provided they self-endorse/deface the duty paid documents to the extent of utilization under the brand rate fixation and resubmit the working sheet with the above cited declaration and certificate.

[Circular No. 54/2016-Customs., Dated November 22, 2016]

6. Reducing/eliminating printouts in Customs Clearance

In order to make cargo clearance easier is to reduce the use of paper and to introduce electronic messaging and paperless processing, Central Government vide *Circular No. 55/2016-Customs; Dated: November 23, 2016* has provided as follows:

i) **GAR7 forms/TR-6 challans**

At present, there are 3 copies of the GAR7 forms/TR-6 challans, being generated and printed out along with the assessed copies of a Bill of Entry. 95% of the importers pay only through e-Payment, where the challan information and payment confirmation are received electronically. Further, ICEGATE, on its e-Payment Gateway, provides a list of all unpaid Challans, for viewing & printing and can support Payment transactions. Board has decided that printout of GAR7 forms/ TR-6 challans is not required. Therefore, GAR7 forms/TR-6 challans would not be printed by default.

ii) TP Copy

At present, in ICES, there is a module for processing transshipment cargo from a sea port to ICD/CFS or to another seaport. Such transshipment can be by rail, road or sea. The transshipment permit information is sent electronically to the carrier, the transporter undertaking the transshipment, the custodian of the gateway port, and the ICES system at the destination ICD or Port. Transshipment Permit can also be printed by the carrier in his offices. Where the ICDs/CFSs and the gateway port are not interconnected, manual copy or printing of TP copy may continue.

iii) Shipping Bill (Exchange Control copy and Export Promotion copy)

After the Appraiser grants LEO (Let Export Order) in the system, printout of the Shipping Bill is generated by the system in triplicate i.e. (i) Customs copy (ii) Exporter's copy and (iii) Exchange Control Copy. The fourth copy namely the Export Promotion Copy is generated after submission of EGM. Further, with regard to Shipping Bill:

- a) detailed copy of the Shipping Bill is not required by the Authorised Dealer. It is enough if a summary copy is printed.
- b) CBEC provides copies of digitally signed Shipping Bills to DGFT.
- c) The data of Shipping Bill is integrated with EDPMS (Export Data Processing and Monitoring System) of RBI.

iv) Printing of Bill of Entry (Exchange Control Copy)

IDPMS (Import Data Processing and Monitoring System) has been operationalised on 10.10.16. Under this system, physical transfer (Bill of Entry) of data from Customs/SEZs will be collated with Import payments data from banks. Accordingly, transactions where the amount has been remitted abroad but import for matching amount has not been evidenced, can be easily identified and monitored. The outstanding entries are available in single database of IDPMS and can be extracted for required monitoring by RBI, banks and enforcement agencies. Accordingly, RBI decided that BEF half-yearly statement from banks to RBI for monitoring of submission of BoE for more than USD 1,00,000/- will be discontinued from half year starting January 2017.

In view of the above systemic integration, RBI has decided to do away with the requirement for the Banks to obtain a physical copy of Bill of Entry from the importer as an evidence of import because data can be transferred in secured manner from the system of Customs department to IDPMS. It has been, therefore, decided to discontinue the printing of Exchange control copy of BoE unless there is a requirement of printing like in the case of manual BoEs.

Further, wherever the printing is necessitated for reasons like manual BoEs, insistence of importer, exporter etc., in such cases printouts may be provided on demand.

[Circular No. 55/2016-Customs; Dated: November 23, 2016]

7. Abolition of Mate Receipt

MATE Receipt is issued by Captain or mate of the vessel and endorsed along with the Shipping Bill by the Customs Officer in the Docks which serves as a documentary evidence of cargo loaded on the vessel and also date of sailing.

Further, the Mate's receipt used to serve multifarious purposes mainly to ensure that the export container is loaded on the vessel. It also provides the date of sailing. However, since the advent of automation of Customs procedures, message exchange system, the manual issuance of mate receipt in the case of containerized cargo

has become redundant. Moreover, disbursal of drawback is done only after the EGM has been filed at the gateway port.

In view of above, Central Government vide *Circular 56/2016-Cus, Dated: November 24, 2016* has provided that in case of containerised cargo issuance of mate receipts would no longer be required. However, for non-containerised cargo it would continue.

[Circular 56/2016-Cus, Dated: November 24, 2016]

8. Roll out of Express Cargo Clearance System (ECCS) at Courier Terminal, Sahar, Mumbai

Customs officers facilitate customs clearance of courier parcels, gifts, documents etc. in the Courier Terminals across the country. The clearance provided so far is by filing the Customs documents manually. Since the volume of import/export through the courier mode has shown phenomenal growth, there was an acute need for an advanced automated system on lines of ICES to speed up the clearance process. Express Cargo Clearance System ECCS is an Automation Program developed on PPP model by Express Industry Council of India (EICI).

Central Government vide *Circular No. 58/2016-Customs; Dated: December 2, 2016* has provided that a new system known as Express Cargo Clearance System (ECCS) would be introduced as a pilot at Courier Terminal, CSI Airport, Mumbai with effect from 5th December, 2016 to carry out automated assessment and clearance under the Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010.

[Circular No. 58/2016-Customs; Dated: December 2, 2016]

9. Outsourcing by an authorized Courier

Regulation 13(j) of Courier Imports and Exports (Clearance) Regulations, 1998 provides that an authorized Courier is obligated not to subcontract/ outsource functions permitted or required to be carried out by him in terms of the said regulations to any other person, without the written permission of the Commissioner of Customs.

Representations have been received in this regard from Express Industry Council of India stating that it is difficult to obtain permission each time if outsourcing of any of the components in the door to door supply chain needs to be done as it is not viable and efficient for a courier operator to own entire supply chain.

Accordingly, Central Government, vide *Circular No. 59/2016-Customs; Dated: December 2, 2016* has provided that for functions namely pickup or local delivery of export/imported courier packages/shipments, transportation for officials and housekeeping activities permission will not be required. Prior intimation would suffice. The authorised courier will ensure that due diligence is exercised and necessary checks carried out before outsourcing these activities.

[Circular No. 59/2016-Customs; Dated: December 2, 2016]