

INDIRECT TAXES UPDATE - 130

SERVICE TAX

Exemption to taxable services exported under SEIS/ MEIS under FTP 2015-2020

CBEC vide *Notification No. 10/2015-ST and 11/2015-ST, Dated: April 8, 2015* has exempted the taxable services provided or agreed to be provided by a person, located in the taxable territory from the whole of the service tax leviable thereon under section 66B, against a duty credit scrip issued to an exporter by the Regional Authority under *Merchandise Exports from India Scheme (MEIS)* or *Service Exports from India Scheme (SEIS)* of the Foreign Trade Policy 2015-12 subject to the conditions listed below:

1. the conditions specified in Paragraph 2 of the *Notification No.24/2015-Customs, dated the 8th April, 2015 (for MEIS Conditions 1 to 3 of para 2)* and *Notification No. 25/2015-Customs, dated the 8th April, 2015 (for SEIS Conditions 1 and 2 of para 2)* are complied and the said scrip has been registered with the Customs Authority at the port of registration specified on the said scrip (hereinafter referred as the said Customs Authority);
2. the holder of the scrip, to whom taxable services are provided or agreed to be provided shall be located in the taxable territory;
3. the holder of the scrip who may either be the person to whom the scrip was originally issued or a transferee-holder, presents the scrip to the said Customs Authority along with a letter and an invoice or challan or bill, as the case may be, issued under rule 4A of the Service Tax Rules, 1994 by the service provider indicating details of his jurisdictional Central Excise Officer (hereinafter referred to as the said Officer) and the description, value of the taxable service provided or agreed to be provided and service tax leviable thereon
4. the said Customs Authority, taking into account the debits already made under *Notification No.24 &25/2015-Customs, dated the 8th April, 2015, Notification No. 20 &21/2015-Central Excise, dated the 8th April, 2015* and this exemption, shall debit the service tax leviable, but for this exemption in or on the reverse of the scrip and also mention the necessary details thereon, updates its own records and sends written advice of these actions to the said Officer
5. the date of debit of service tax leviable, in the scrip, by the said Customs Authority shall be taken as the date of payment of service tax
6. in case the service tax leviable as per the point of taxation determined in terms of the Point of Taxation Rules, 2011 is prior to date of debit or that the rate of tax determined in terms of rule 4 of the Point of Taxation of Rules, 2011, is in excess of the rate of service tax mentioned in the invoice, bill or challan, as the case may be, the holder of the scrip shall pay such interest or short-paid service tax along with interest, as the case may be;
7. the holder of the scrip presents the scrip debited by the said Customs Authority within thirty days to the said Officer, along with an undertaking addressed to the said Officer, that in case of any service tax short debited in the scrip, he shall pay such service tax along with applicable interest;
8. based on the said written advice and undertaking, the said Officer shall verify and validate, on the reverse of the scrip, the details of the service tax leviable, which were debited by the said Customs Authority, and keep a record of payment of such service tax and interest, if

- any;
9. the service provider retains a copy of the scrip, debited by the said Customs Authority and verified by the said Officer and duly attested by the holder of the scrip, in support of the provision of taxable services under this notification;
 10. the said holder of the scrip, to whom the taxable services were provided or agreed to be provided shall be entitled to avail drawback or CENVAT credit of the service tax leviable under section 66B of the said Act, against the service tax debited in the scrip and validated by the said Officer.

Any amount due to the Central Government under this notification shall be recoverable under the provisions of the said Act and the rules made there under.

[Notification No. 10/2015-ST,Dated: April 8, 2015& Notification No. 11/2015-ST,Dated: April 8, 2015]

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