

Amendments brought in by Finance Act, 2016

AMENDMENTS MADE IN INDIRECT TAX LAW

Amendments relating to Customs

1. In the Customs Act, 1962 (hereinafter referred to as the Customs Act), in section 2,—
 - (i) for clause (43), the following clause shall be substituted, namely:—
“(43) “warehouse” means a public warehouse licensed under section 57 or a private warehouse licensed under section 58 or a special warehouse licensed under section 58A;”;
 - (ii) clause (45) shall be omitted.
2. In the Customs Act, in Chapter III, for the chapter heading, the following chapter heading shall be substituted, namely:—
“APPOINTMENT OF CUSTOMS PORTS, AIRPORTS, ETC.”
3. In the Customs Act, section 9 shall be omitted.
4. In the Customs Act, in section 25,—
 - (i) for sub-section (4), the following sub-section shall be substituted, namely:—
“(4) Every notification issued under sub-section (1) or sub-section (2A) shall, unless otherwise provided, come into force on the date of its issue by the Central Government for publication in the Official Gazette.”
 - (ii) sub-section (5) shall be omitted.
5. In the Customs Act, in section 28,—
 - (a) in the marginal heading, for the words “duties not levied or short-levied”, the words “duties not levied or not paid or short-levied or short-paid” shall be substituted;
 - (b) in sub-section (1),—
 - (i) in the opening paragraph, for the words “duty has not been levied or has been short-levied”, the words “duty has not been levied or not paid or has been short-levied or short-paid” shall be substituted;
 - (ii) in clause (a),—
 - (A) for the words “one year”, the words “two years” shall be substituted;
 - (B) after the words “so levied”, the words “or paid” shall be inserted;
 - (c) in sub-section (3), for the words “one year”, the words “two years” shall be substituted;
 - (d) in sub-section (4),—
 - (i) in the opening paragraph, for the words “levied or has been short levied”, the words “levied or not paid or has been short-levied or short-paid” shall be substituted;
 - (ii) in the long line, for the words “so levied”, the words “so levied or not paid” shall be substituted;
 - (e) in sub-section (5), for the words “duty has not been levied or has been short levied”, the words “duty has not been levied or not paid or has been short-levied or short-paid” shall be substituted;
 - (f) in sub-section (6), in item (ii), for the words “one year”, the words “two years” shall be substituted;
 - (g) in sub-section (7), for the words “one year”, the words “two years” shall be substituted;
 - (h) in Explanation 1, in clause (a), for the words “not levied”, the words “not levied or not paid or short-levied or short-paid” shall be substituted.
6. In the Customs Act, in section 47,—
 - (a) in sub-section (1), the following proviso shall be inserted, namely:—

“Provided that the Central Government may, by notification in the Official Gazette, permit certain class of importers to make deferred payment of said duty or any charges in such manner as may be provided by rules.”;

(b) in sub-section (2), for the portion beginning with the words “Where the importer” and ending with the words “payment of the said duty”, the following shall be substituted, namely:—
“Where the importer fails to pay the import duty, either in full or in part, within two days (excluding holidays)—

(a) from the date on which the bill of entry is returned to him for payment of duty; or

(b) in the case of deferred payment under the proviso to sub-section (1), from such due date as may be specified by rules made in this behalf,

he shall pay interest on the duty not paid or short-paid till the date of its payment, at such rate, not below ten per cent and not exceeding thirty-six per cent. per annum, as may be fixed by the Central Government, by notification in the Official Gazette.”.

7. In the Customs Act, section 51 shall be renumbered as sub-section (1) thereof, and—

(a) in sub-section (1) as so renumbered, the following proviso shall be inserted, namely:—

“Provided that the Central Government may, by notification in the Official Gazette, permit certain class of exporters to make deferred payment of said duty or any charges in such manner as may be provided by rules.”;

(b) after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—

“(2) Where the exporter fails to pay the export duty, either in full or in part, under the proviso to sub-section (1) by such due date as may be specified by rules, he shall pay interest on said duty not paid or short-paid till the date of its payment at such rate, not below five per cent. and not exceeding thirty-six per cent per annum, as may be fixed by the Central Government, by notification in the Official Gazette.”.

8. In the Customs Act, for section 53, the following section shall be substituted, namely:—

“53. Subject to the provisions of section 11, where any goods imported in a conveyance and mentioned in the import manifest or the import report, as the case may be, as for transit in the same conveyance to any place outside India or to any customs station, the proper officer may allow the goods and the conveyance to transit without payment of duty, subject to such conditions, as may be prescribed.”.

9. In the Customs Act, for section 57, the following section shall be substituted, namely:—

“57. The Principal Commissioner of Customs or Commissioner of Customs may, subject to such conditions as may be prescribed, licence a public warehouse wherein dutiable goods may be deposited.”

10. In the Customs Act, for section 58, the following sections shall be substituted, namely:—

“58. The Principal Commissioner of Customs or Commissioner of Customs may, subject to such conditions as may be prescribed, licence a private warehouse wherein dutiable goods imported by or on behalf of the licensee may be deposited.

58A. (1) The Principal Commissioner of Customs or Commissioner of Customs may, subject to such conditions as may be prescribed, licence a special warehouse wherein dutiable goods may be deposited and such warehouse shall be caused to be locked by the proper officer and no person shall enter the warehouse or remove any goods therefrom without the permission of the proper officer.

(2) The Board may, by notification in the Official Gazette, specify the class of goods which shall be deposited in the special warehouse licensed under sub-section (1).

58B. (1) Where a licensee contravenes any of the provisions of this Act or the rules or regulations made thereunder or breaches any of the conditions of the licence, the Principal Commissioner of Customs or Commissioner of Customs may cancel the licence granted under section 57 or section 58 or section 58A:

Provided that before any licence is cancelled, the licensee shall be given a reasonable opportunity of being heard.

(2) The Principal Commissioner of Customs or Commissioner of Customs may, without prejudice to any other action that may be taken against the licensee and the goods under this Act or any other law for the time being in force, suspend operation of the warehouse during the pendency of an enquiry under sub-section (1).

(3) Where the operation of a warehouse is suspended under sub-section (2), no goods shall be deposited in such warehouse during the period of suspension:

Provided that the provisions of this Chapter shall continue to apply to the goods already deposited in the warehouse.

(4) Where the licence issued under section 57 or section 58 or section 58A is cancelled, the goods warehoused shall, within seven days from the date on which order of such cancellation is served on the licensee or within such extended period as the proper officer may allow, be removed from such warehouse to another warehouse or be cleared for home consumption or export:

Provided that the provisions of this Chapter shall continue to apply to the goods already deposited in the warehouse till they are removed to another warehouse or cleared for home consumption or for export, during such period."

11. In the Customs Act, for section 59, the following section shall be substituted, namely:—

"59. (1) The importer of any goods in respect of which a bill of entry for warehousing has been presented under section 46 and assessed to duty under section 17 or section 18 shall execute a bond in a sum equal to thrice the amount of the duty assessed on such goods, binding himself—

(a) to comply with all the provisions of the Act and the rules and regulations made thereunder in respect of such goods;

(b) to pay, on or before the date specified in the notice of demand, all duties and interest payable under sub-section (2) of section 61; and

(c) to pay all penalties and fines incurred for the contravention of the provisions of this Act or the rules or regulations, in respect of such goods.

(2) For the purposes of sub-section (1), the Assistant Commissioner of Customs or Deputy Commissioner of Customs may permit an importer to execute a general bond in such amount as the Assistant Commissioner of Customs or Deputy Commissioner of Customs may approve in respect of the warehousing of goods to be imported by him within a specified period.

(3) The importer shall, in addition to the execution of a bond under sub-section (1) or sub-section (2), furnish such security as may be prescribed.

(4) Any bond executed under this section by an importer in respect of any goods shall continue to be in force notwithstanding the transfer of the goods to another warehouse.

(5) Where the whole of the goods or any part thereof are transferred to another person, the transferee shall execute a bond in the manner specified in sub-section (1) or sub-section (2) and furnish security as specified under sub-section (3)."

12. In the Customs Act, for section 60, the following section shall be substituted, namely:—
“60. (1) When the provisions of section 59 have been complied with in respect of any goods, the proper officer may make an order permitting removal of the goods from a customs station for the purpose of deposit in a warehouse.
(2) Where an order is made under sub-section (1), the goods shall be deposited in a warehouse in such manner as may be prescribed.”

13. In the Customs Act, for section 61, the following section shall be substituted, namely:—
'61.(1) Any warehoused goods may remain in the warehouse in which they are deposited or in any warehouse to which they may be removed,—
(a) in the case of capital goods intended for use in any hundred per cent export oriented undertaking or electronic hardware technology park unit or software technology park unit or any warehouse wherein manufacture or other operations have been permitted under section 65, till their clearance from the warehouse;
(b) in the case of goods other than capital goods intended for use in any hundred per cent. export oriented undertaking or electronic hardware technology park unit or software technology park unit or any warehouse wherein manufacture or other operations have been permitted under section 65, till their consumption or clearance from the warehouse; and
(c) in the case of any other goods, till the expiry of one year from the date on which the proper officer has made an order under sub-section (1) of section 60:
Provided that in the case of any goods referred to in this clause, the Principal Commissioner of Customs or Commissioner of Customs may, on sufficient cause being shown, extend the period for which the goods may remain in the warehouse, by not more than one year at a time:
Provided further that where such goods are likely to deteriorate, the period referred to in the first proviso may be reduced by the Principal Commissioner of Customs or Commissioner of Customs to such shorter period as he may deem fit.

(2) Where any warehoused goods specified in clause (c) of sub-section (1) remain in a warehouse beyond a period of ninety days from the date on which the proper officer has made an order under sub-section (1) of section 60, interest shall be payable at such rate as may be fixed by the Central Government under section 47, on the amount of duty payable at the time of clearance of the goods, for the period from the expiry of the said ninety days till the date of payment of duty on the warehoused goods:

Provided that if the Board considers it necessary so to do, in the public interest, it may,—

- (a) by order, and under the circumstances of an exceptional nature, to be specified in such order, waive the whole or any part of the interest payable under this section in respect of any warehoused goods;
- (b) by notification in the Official Gazette, specify the class of goods in respect of which no interest shall be charged under this section;
- (c) by notification in the Official Gazette, specify the class of goods in respect of which the interest shall be chargeable from the date on which the proper officer has made an order under sub-section (1) of section 60.

Explanation.— For the purposes of this section,—

- (i) “electronic hardware technology park unit” means a unit established under the Electronic Hardware Technology Park Scheme notified by the Government of India;
- (ii) “hundred per cent export oriented undertaking” has the same meaning as in clause (ii) of Explanation 2 to sub-section (1) of section 3 of the Central Excise Act, 1944; and
- (iii) “software technology park unit” means a unit established under the Software Technology Park Scheme notified by the Government of India.'

- 14.** In the Customs Act, sections 62 and 63 shall be omitted.
- 15.** In the Customs Act, for section 64, the following section shall be substituted, namely:—
“64. The owner of any warehoused goods may, after warehousing the same,—
(a) inspect the goods;
(b) deal with their containers in such manner as may be necessary to prevent loss or deterioration or damage to the goods;
(c) sort the goods; or
(d) show the goods for sale.”
- 16.** In the Customs Act, in section 65, in sub-section (1), for the words “With the sanction of the Assistant Commissioner of Customs or Deputy Commissioner of Customs and subject to such conditions and on payment of such fees”, the words “With the permission of the Principal Commissioner of Customs or Commissioner of Customs and subject to such conditions” shall be substituted.
- 17.** In the Customs Act, in section 68,—
(i) in the opening paragraph, for the words “The importer of any warehoused goods may clear them”, the words “Any warehoused goods may be cleared from the warehouse” shall be substituted;
(ii) for clause (b), the following clause shall be substituted, namely:—
“(b) the import duty, interest, fine and penalties payable in respect of such goods have been paid; and”;
(iii) in the first proviso, the words “rent, interest, other charges and” shall be omitted.
- 18.** In the Customs Act, in section 69,—
(i) in the marginal heading, for the word “exportation”, the word “export” shall be substituted;
(ii) in sub-section (1),—
(A) for clause (b), the following clause shall be substituted, namely:—
“(b) the export duty, fine and penalties payable in respect of such goods have been paid; and”;
(B) in clause (c), for the word “exportation”, the word “export” shall be substituted.
- 19.** In the Customs Act, in section 71, for the word “re-exportation”, the word “export” shall be substituted.
- 20.** In the Customs Act, in section 72,—
(a) in sub-section (1),—
(i) clause (c) shall be omitted;
(ii) in clause (d), for the word “exportation”, the words “export or” shall be substituted;
(iii) in the long line, for the words “all penalties, rent, interest and other charges”, the words “interest, fine and penalties” shall be substituted;
(b) in sub-section (2), for the word “select”, the words “deem fit” shall be substituted.
- 21.** In the Customs Act, in section 73, after the words “exported or”, the words “transferred or” shall be inserted.
- 22.** In the Customs Act, after section 73, the following section shall be inserted, namely:—
“73A. (1) All warehoused goods shall remain in the custody of the person who has been granted a licence under section 57 or section 58 or section 58A until they are cleared for

home consumption or are transferred to another warehouse or are exported or removed as otherwise provided under this Act.

(2) The responsibilities of the person referred to in sub-section (1) who has custody of the warehoused goods shall be such as may be prescribed.

(3) Where any warehoused goods are removed in contravention of section 71, the licensee shall be liable to pay duty, interest, fine and penalties without prejudice to any other action that may be taken against him under this Act or any other law for the time being in force."

23. In the Customs Act, in section 156, in sub-section (2), after clause (b), the following clause shall be inserted, namely:—

"(c) the due date and the manner of making deferred payment of duties, taxes, cesses or any other charges under sections 47 and 51."

24. (1) The notifications of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 367 (E), dated the 27th April, 2000, G.S.R. 292(E), dated the 19th April, 2002, G.S.R. 281 (E), dated the 1st April, 2003, G.S.R. 604 (E), dated the 10th September, 2004, G.S.R. 606(E), dated the 10th September, 2004 and G.S.R. 260(E), dated the 1st May, 2006 issued under sub-section (1) of section 25 of the Customs Act, 1962 by the Central Government shall stand amended and shall be deemed to have been amended in the manner as specified against each of them in column (3) of the Second Schedule, on and from the corresponding date mentioned in column (4) of that Schedule, retrospectively, and accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, any action taken or anything done or purported to have been taken or done under the said notifications, shall be deemed to be, and always to have been, for all purposes, as validly and effectively taken or done as if the notifications as amended by this sub-section had been in force at all material times.

(2) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to amend the notifications referred to in the said sub-section with retrospective effect as if the Central Government had the power to amend the said notifications under sub-section (1) of section 25 of the Customs Act, 1962 retrospectively, at all material times.

(3) The refund shall be made of all such safeguard duty which has been collected, but would not have been so collected, had the amendments made in sub-section (1) been in force at all material times and such refund shall be subject to the provisions of section 27 of the Customs Act, 1962.

(4) Notwithstanding anything contained in section 27 of the Customs Act, 1962, an application for the claim of refund of safeguard duty under sub-section (3) shall be made within a period of one year from the date on which the Finance Bill, 2016 receives the assent of the President.

Amendments relating to Customs Tariff

1. In the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), section 8C shall be omitted.

2. In the Customs Tariff Act, the First Schedule shall,—

(i) be amended in the manner specified in the Third Schedule;

(ii) be also amended in the manner specified in the Fourth Schedule with effect from the 1st day of January, 2017.

Amendments relating to Excise

1. In the Central Excise Act, 1944 (hereinafter referred to as the Central Excise Act), in section 5A,—
 - (i) for sub-section (5), the following sub-section shall be substituted, namely:—

“(5) Every notification issued under sub-section (1) or sub-section (2A) shall, unless otherwise provided, come into force on the date of its issue by the Central Government for publication in the Official Gazette.”
 - (ii) sub-section (6) shall be omitted.
2. In the Central Excise Act, in section 11A, for the words “one year”, wherever they occur, the words “two years” shall be substituted.
3. In the Central Excise Act, in section 37B, for the words “such goods”, the words “such goods or for the implementation of any other provision of this Act” shall be substituted.
4. In the Central Excise Act, the Third Schedule shall be amended—
 - (i) in the manner specified in the Fifth Schedule;
 - (ii) in the manner specified in the Sixth Schedule, with effect from the 1st day of January, 2017.

Amendments relating to Excise Tariff

1. In the Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act), the First Schedule shall be amended—
 - (i) in the manner specified in the Seventh Schedule;
 - (ii) in the manner specified in the Eighth Schedule, with effect from the 1st day of January, 2017.
2. In the Central Excise Tariff Act, the Second Schedule shall be amended in the manner specified in the Ninth Schedule, with effect from the 1st day of January, 2017.

Amendments relating to Service Tax

1. In the Finance Act, 1994 (hereinafter referred to as the 1994 Act), in section 65B,—
 - (a) clause (11) shall be omitted;
 - (b) in clause (44), in Explanation 2, in sub-clause (ii), for item (a), the following item shall be substituted, namely:—

“(a) by a lottery distributor or selling agent on behalf of the State Government, in relation to promotion, marketing, organising, selling of lottery or facilitating in organising lottery of any kind, in any other manner, in accordance with the provisions of the Lotteries (Regulation) Act, 1998;”.
2. In the 1994 Act, in section 66D,—
 - (a) clause (l) shall be omitted;
 - (b) with effect from the 1st day of June, 2016—
 - (i) in clause (o), sub-clause (i) shall be omitted;
 - (ii) in clause (p), sub-clause (ii) shall be omitted.

3. In the 1994 Act, in section 66E, after clause (i), the following clause shall be inserted, namely:—
“(j) assignment by the Government of the right to use the radio-frequency spectrum and subsequent transfers thereof.”
4. In the 1994 Act, in section 67A, the existing section shall be renumbered as sub-section (1) thereof, and after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—
“(2) The time or the point in time with respect to the rate of service tax shall be such as may be prescribed.”
5. In the 1994 Act, in section 73,—
 - (i) in sub-sections (1), (1A), (2A) and (3), for the words “eighteen months”, wherever they occur, the words “thirty months” shall be substituted;
 - (ii) in sub-section (4B), in clause (a), for the words “whose limitation is specified as eighteen months in”, the words “falling under” shall be substituted.
6. In the 1994 Act, in section 75, for the words “Provided that”, the following shall be substituted, namely:—
“Provided that in the case of a person who collects any amount as service tax but fails to pay the amount so collected to the credit of the Central Government, on or before the date on which such payment is due, the Central Government may, by notification in the Official Gazette, specify such other rate of interest, as it may deem necessary:
Provided further that”.
7. In the 1994 Act, in section 78A, the following *Explanation* shall be inserted, namely:—
“*Explanation.*—For the removal of doubts, it is hereby clarified that where any service tax has not been levied or paid or has been short-levied or short-paid or erroneously refunded, and the proceedings with respect to a notice issued under sub-section (1) of section 73 or the proviso to sub-section (1) of section 73 is concluded in accordance with the provisions of clause (i) of the first proviso to section 76 or clause (i) of the second proviso to section 78, as the case may be, the proceedings pending against any person under this section shall also be deemed to have been concluded.”
8. In the 1994 Act, in section 89, in sub-section (1), for the words “fifty lakh rupees”, at both the places where they occur, the words “two hundred lakh rupees” shall be substituted.
9. In the 1994 Act, in section 90, sub-section (2) shall be omitted.
10. In the 1994 Act, in section 91,—
 - (a) in sub-section (1), the words, brackets and letter “clause (i) or” shall be omitted;
 - (b) sub-section (3) shall be omitted.
11. In the 1994 Act, in section 93A, for the word “prescribed”, the words “prescribed or specified by notification in the Official Gazette” shall be substituted.
12. In the 1994 Act, after section 100, the following sections shall be inserted, namely:—
“101. (1) Notwithstanding anything contained in section 66B, no service tax shall be levied or collected during the period commencing from the 1st day of July, 2012 and ending with the 29th day of January, 2014 (both days inclusive) in respect of taxable services provided to an authority or a board or any other body—
 - (i) set up by an Act of Parliament or a State Legislature; or
 - (ii) established by the Government,

with ninety per cent. or more participation by way of equity or control, to carry out any function entrusted to a municipality under article 243W of the Constitution, by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation or alteration of canal, dam or other irrigation works.

(2) Refund shall be made of all such service tax which has been collected but which would not have been so collected had sub-section (1) been in force at all material times.

(3) Notwithstanding anything contained in this Chapter, an application for the claim of refund of service tax shall be made within a period of six months from the date on which the Finance Bill, 2016 receives the assent of the President.

102. (1) Notwithstanding anything contained in section 66B, no service tax shall be levied or collected during the period commencing from the 1st day of April, 2015 and ending with the 29th day of February, 2016 (both days inclusive), in respect of taxable services provided to the Government, a local authority or a Governmental authority, by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation or alteration of—

(a) a civil structure or any other original works meant predominantly for use other than for commerce, industry or any other business or profession;

(b) a structure meant predominantly for use as—

(i) an educational establishment;

(ii) a clinical establishment; or

(iii) an art or cultural establishment;

(c) a residential complex predominantly meant for self-use or for the use of their employees or other persons specified in Explanation 1 to clause (44) of section 65B of the said Act, under a contract entered into before the 1st day of March, 2015 and on which appropriate stamp duty, where applicable, had been paid before that date.

(2) Refund shall be made of all such service tax which has been collected but which would not have been so collected had sub-section (1) been in force at all material times.

(3) Notwithstanding anything contained in this Chapter, an application for the claim of refund of service tax shall be made within a period of six months from the date on which the Finance Bill, 2016 receives the assent of the President.

103. (1) Notwithstanding anything contained in section 66B, no service tax shall be levied or collected during the period commencing from the 1st day of April, 2015 and ending with the 29th day of February, 2016 (both days inclusive), in respect of services provided by way of construction, erection, commissioning or installation of original works pertaining to an airport or port, under a contract which had been entered into before the 1st day of March, 2015 and on which appropriate stamp duty, where applicable, had been paid before that date, subject to the condition that Ministry of Civil Aviation or, as the case may be, the Ministry of Shipping in the Government of India certifies that the contract had been entered into before the 1st day of March, 2015.

(2) Refund shall be made of all such service tax which has been collected but which would not have been so collected had sub-section (1) been in force at all material times.

(3) Notwithstanding anything contained in this Chapter, an application for the claim of refund of service tax shall be made within a period of six months from the date on which the Finance Bill, 2016 receives the assent of the President."

13. (1) The notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 519(E), dated the 29th June, 2012 issued under section 93A of the

Finance Act, 1994 granting rebate of service tax paid on the taxable services which are received by an exporter of goods and used for export of goods, shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (2) of the Tenth Schedule, on and from and up to the corresponding dates specified in column (3) of the Schedule, and accordingly, any action taken or anything done or purported to have taken or done under the said notification as so amended, shall be deemed to be, and always to have been, for all purposes, as validly and effectively taken or done as if the said notification as amended by this sub-section had been in force at all material times.

(2) Rebate of all such service tax shall be granted which has been denied, but which would not have been so denied had the amendment made by sub-section (1) been in force at all material times.

(3) Notwithstanding anything contained in the Finance Act, 1994, an application for the claim of rebate of service tax under sub-section (2) shall be made within the period of one month from the date of commencement of the Finance Act, 2016.

Krishi Kalyan Cess

1. (1) This Chapter shall come into force on the 1st day of June, 2016.

(2) There shall be levied and collected in accordance with the provisions of this Chapter, a cess to be called the Krishi Kalyan Cess, as service tax on all or any of the taxable services at the rate of 0.5 per cent. on the value of such services for the purposes of financing and promoting initiatives to improve agriculture or for any other purpose relating thereto.

(3) The Krishi Kalyan Cess leviable under sub-section (2) shall be in addition to any cess or service tax leviable on such taxable services under Chapter V of the Finance Act, 1994, or under any other law for the time being in force.

(4) The proceeds of the Krishi Kalyan Cess levied under sub-section (2) shall first be credited to the Consolidated Fund of India and the Central Government may, after due appropriation made by Parliament by law in this behalf, utilise such sums of money of the Krishi Kalyan Cess for such purposes specified in sub-section (2), as it may consider necessary.

(5) The provisions of Chapter V of the Finance Act, 1994 and the rules made thereunder, including those relating to refunds and exemptions from tax, interest and imposition of penalty shall, as far as may be, apply in relation to the levy and collection of the Krishi Kalyan Cess on taxable services, as they apply in relation to the levy and collection of tax on such taxable services under the said Chapter or the rules made thereunder, as the case may be.

Infrastructure Cess

1. (1) In the case of goods specified in the Eleventh Schedule, being goods manufactured or produced, there shall be levied and collected for the purposes of the Union, a duty of excise, to be called the Infrastructure Cess, at the rates specified in the said Schedule for the purposes of financing infrastructure projects.

(2) The cess leviable under sub-section (1), chargeable on the goods specified in the Eleventh Schedule shall be in addition to any other duties of excise chargeable on such goods under the Central Excise Act, 1944 or any other law for the time being in force.

(3) The provisions of the Central Excise Act, 1944 and the rules made thereunder, including those relating to assessment, non-levy, short-levy, refunds, interest, appeals, offences and penalties, shall, as far as may be, apply in relation to the levy and collection of the cess leviable under sub-section (1) in respect of the goods specified in the Eleventh Schedule as they apply in relation to the levy and collection of the duties of excise on such goods under the said Act or the rules, as the case may be.

(4) The cess leviable under sub-section (1) shall be for the purposes of the Union and the proceeds thereof shall not be distributed among the States.

Equalisation Levy

1. (1) This Chapter extends to the whole of India except the State of Jammu and Kashmir.
(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.
(3) It shall apply to consideration received or receivable for specified services provided on or after the commencement of this Chapter.
2. In this Chapter, unless the context otherwise requires,—
 - (a) "Appellate Tribunal" means the Appellate Tribunal constituted under section 252 of the Income-tax Act;
 - (b) "Assessing Officer" means the Income-tax Officer or Assistant Commissioner of Income-tax or Deputy Commissioner of Income-tax or Joint Commissioner of Income-tax or Additional Commissioner of Income-tax who is authorised by the Board to exercise or perform all or any of the powers and functions conferred on, or assigned to, an Assessing Officer under this Chapter;
 - (c) "Board" means the Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963;
 - (d) "equalisation levy" means the tax leviable on consideration received or receivable for any specified service under the provisions of this Chapter;
 - (e) "Income-tax Act" means the Income-tax Act, 1961;
 - (f) "online" means a facility or service or right or benefit or access that is obtained through the internet or any other form of digital or telecommunication network;
 - (g) "permanent establishment" includes a fixed place of business through which the business of the enterprise is wholly or partly carried on;
 - (h) "prescribed" means prescribed by rules made under this Chapter;
 - (i) "specified service" means online advertisement, any provision for digital advertising space or any other facility or service for the purpose of online advertisement and includes any other service as may be notified by the Central Government in this behalf;
 - (j) words and expressions used but not defined in this Chapter and defined in the Income-tax Act, or the rules made thereunder, shall have the meanings respectively assigned to them in that Act.
3. (1) On and from the date of commencement of this Chapter, there shall be charged an equalisation levy at the rate of six per cent of the amount of consideration for any specified service received or receivable by a person, being a non-resident from—
 - (i) a person resident in India and carrying on business or profession; or
 - (ii) a non-resident having a permanent establishment in India.(2) The equalisation levy under sub-section (1) shall not be charged, where—
 - (a) the non-resident providing the specified service has a permanent establishment in India and the specified service is effectively connected with such permanent establishment;
 - (b) the aggregate amount of consideration for specified service received or receivable in a previous year by the non-resident from a person resident in India and carrying on business or profession, or from a non-resident having a permanent establishment in India, does not exceed one lakh rupees; or
 - (c) where the payment for the specified service by the person resident in India, or the permanent establishment in India is not for the purposes of carrying out business or profession.
4. (1) Every person, being a resident and carrying on business or profession or a non-resident having a permanent establishment in India (hereafter in this Chapter referred to as assessee) shall deduct the equalisation levy from the amount paid or payable to a nonresident in

respect of the specified service at the rate specified in section 165, if the aggregate amount of consideration for specified service in a previous year exceeds one lakh rupees.

(2) The equalisation levy so deducted during any calendar month in accordance with the provisions of sub-section (1) shall be paid by every assessee to the credit of the Central Government by the seventh day of the month immediately following the said calendar month.

(3) Any assessee who fails to deduct the levy in accordance with the provisions of sub-section (1) shall, notwithstanding such failure, be liable to pay the levy to the credit of the Central Government in accordance with the provisions of sub-section (2).

5. (1) Every assessee shall, within the prescribed time after the end of each financial year, prepare and deliver or cause to be delivered to the Assessing Officer or to any other authority or agency authorised by the Board in this behalf, a statement in such form, verified in such manner and setting forth such particulars as may be prescribed, in respect of all specified services during such financial year.

(2) An assessee who has not furnished the statement within the time prescribed under sub-section (1) or having furnished a statement under sub-section (1), notices any omission or wrong particular therein, may furnish a statement or a revised statement, as the case may be, at any time before the expiry of two years from the end of the financial year in which the specified service was provided.

(3) Where any assessee fails to furnish the statement under sub-section (1) within the prescribed time, the Assessing Officer may serve a notice upon such assessee requiring him to furnish the statement in the prescribed form, verified in the prescribed manner and setting forth such particulars, within such time, as may be prescribed.

6. (1) Where a statement has been made under section 167 by the assessee, such statement shall be processed in the following manner, namely:—

(a) the equalisation levy shall be computed after making the adjustment for any arithmetical error in the statement;

(b) the interest, if any, shall be computed on the basis of sum deductible as computed in the statement;

(c) the sum payable by, or the amount of refund due to, the assessee shall be determined after adjustment of the amount computed under clause (b) against any amount paid under sub-section (2) of section 166 or section 170 and any amount paid otherwise by way of tax or interest;

(d) an intimation shall be prepared or generated and sent to the assessee specifying the sum determined to be payable by, or the amount of refund due to, him under clause (c); and

(e) the amount of refund due to the assessee in pursuance of the determination under clause (c) shall be granted to him:

Provided that no intimation under this sub-section shall be sent after the expiry of one year from the end of the financial year in which the statement is furnished.

(2) For the purposes of processing of statements under sub-section (1), the Board may make a scheme for centralised processing of such statements to expeditiously determine the tax payable by, or the refund due to, the assessee as required under that sub-section.

7. (1) With a view to rectifying any mistake apparent from the record, the Assessing Officer may amend any intimation issued under section 168, within one year from the end of the financial year in which the intimation sought to be amended was issued.

(2) The Assessing Officer may make an amendment to any intimation under sub-section (1), either suo motu or on any mistake brought to his notice by the assessee.

(3) An amendment to any intimation, which has the effect of increasing the liability of the assessee or reducing a refund, shall not be made under this section unless the Assessing Officer has given notice to the assessee of his intention so to do and has given the assessee a reasonable opportunity of being heard.

(4) Where any such amendment to any intimation has the effect of enhancing the sum payable or reducing the refund already made, the Assessing Officer shall make an order specifying the sum payable by the assessee and the provisions of this Chapter shall apply accordingly.

8. Every assessee, who fails to credit the equalisation levy or any part thereof as required under section 166 to the account of the Central Government within the period specified in that section, shall pay simple interest at the rate of one per cent of such levy for every month or part of a month by which such crediting of the tax or any part thereof is delayed.

9. Any assessee who—

(a) fails to deduct the whole or any part of the equalisation levy as required under section 166; or

(b) having deducted the equalisation levy, fails to pay such levy to the credit of the Central Government in accordance with the provisions of sub-section (2) of that section, shall be liable to pay,—

(i) in the case referred to in clause (a), in addition to paying the levy in accordance with the provisions of sub-section (3) of that section, or interest, if any, in accordance with the provisions of section 170, a penalty equal to the amount of equalisation levy that he failed to deduct; and

(ii) in the case referred to in clause (b), in addition to paying the levy in accordance with the provisions of sub-section (2) of that section and interest in accordance with the provisions of section 170, a penalty of one thousand rupees for every day during which the failure continues, so, however, that the penalty under this clause shall not exceed the amount of equalisation levy that he failed to pay.

10. Where an assessee fails to furnish the statement within the time prescribed under sub-section (1) or sub-section (3) of section 167, he shall be liable to pay a penalty of one hundred rupees for each day during which the failure continues.

11. (1) Notwithstanding anything contained in section 171 or section 172, no penalty shall be imposable for any failure referred to in the said sections, if the assessee proves to the satisfaction of the Assessing Officer that there was reasonable cause for the said failure.

(2) No order imposing a penalty under this Chapter shall be made unless the assessee has been given a reasonable opportunity of being heard.

12. (1) An assessee aggrieved by an order imposing penalty under this Chapter, may appeal to the Commissioner of Income-tax (Appeals) within a period of thirty days from the date of receipt of the order of the Assessing Officer.

(2) An appeal under sub-section (1) shall be in such form and verified in such manner as may be prescribed and shall be accompanied by a fee of one thousand rupees.

(3) Where an appeal has been filed under sub-section (1), the provisions of sections 249 to 251 of the Income-tax Act shall, as far as may be, apply to such appeal.

13. (1) An assessee aggrieved by an order made by the Commissioner of Income-tax (Appeals) under section 174 may appeal to the Appellate Tribunal against such order.

(2) The Commissioner of Income-tax may, if he objects to any order passed by the Commissioner of Income-tax (Appeals) under section 174, direct the Assessing Officer to appeal to the Appellate Tribunal against such order.

(3) An appeal under sub-section (1) or sub-section (2) shall be filed within sixty days from the date on which the order sought to be appealed against is received by the assessee or by the Commissioner of Income-tax, as the case may be.

(4) An appeal under sub-section (1) or sub-section (2) shall be in such form and verified in such manner as may be prescribed and, in the case of an appeal filed under sub-section (1), it shall be accompanied by a fee of one thousand rupees.

(5) Where an appeal has been filed before the Appellate Tribunal under sub-section (1) or sub-section (2), the provisions of sections 253 to 255 of the Income-tax Act shall, as far as may be, apply to such appeal.

14. (1) If a person makes a false statement in any verification under this Chapter or any rule made thereunder, or delivers an account or statement, which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to three years and with fine.

(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, an offence punishable under sub-section (1) shall be deemed to be non-cognizable within the meaning of that Code.

15. No prosecution shall be instituted against any person for any offence under section 176 except with the previous sanction of the Chief Commissioner of Income-tax.

16. The provisions of sections 120, 131, 133A, 138, 156, Chapter XV and sections 220 to 227, 229, 232, 260A, 261, 262, 265 to 269, 278B, 280A, 280B, 280C, 280D, 282 and 288 to 293 of the Income-tax Act shall so far as may be, apply in relation to equalisation levy, as they apply in relation to income-tax.

17. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Chapter.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the time within which and the form and the manner in which the statement shall be delivered or caused to be delivered or furnished under section 167;

(b) the form in which an appeal may be filed and the manner in which it may be verified under sections 174 and 175; (c) any other matter which is to be, or may be, prescribed.

(3) Every rule made under this Chapter shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

18. (1) If any difficulty arises in giving effect to the provisions of this Chapter, the Central Government may, by order published in the Official Gazette, not inconsistent with the provisions of this Chapter, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the date on which the provisions of this Chapter come into force.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

The Indirect Tax Dispute Resolution Scheme, 2016

1. (1) This Scheme may be called the Indirect Tax Dispute Resolution Scheme, 2016.
(2) It shall be applicable to the declarations made up to the 31st day of December, 2016.
(3) It shall come into force on the 1st day of June, 2016.
2. (1) In this Scheme, unless the context otherwise requires,—
 - (a) "Act" means the Customs Act, 1962 or the Central Excise Act, 1944 or Chapter V of the Finance Act, 1994, as the case may be;
 - (b) "Assistant Commissioner" means the Assistant Commissioner of Customs or the Assistant Commissioner of Central Excise or the Assistant Commissioner of Service Tax, as the case may be;
 - (c) "Commissioner" means the Commissioner of Customs or the Commissioner of Central Excise or the Commissioner of Service Tax, as the case may be;
 - (d) "declarant" means any person who makes a declaration under sub-section (1) of section 214;
 - (e) "designated authority" means an officer not below the rank of Assistant Commissioner who is authorised to act as Assistant Commissioner by the Commissioner for the purposes of this Scheme;
 - (f) "impugned order" means any order which is under challenge before the Commissioner (Appeals);
 - (g) "indirect tax dispute" means a dispute in respect of any of the provisions of the Act which is pending before the Commissioner (Appeals) as an appeal against the impugned order as on the 1st day of March, 2016;
 - (h) "prescribed" means prescribed by rules made under this Scheme;
 - (i) "tax" includes duty or tax levied under the Act.

(2) Words and expressions used herein and not defined but defined in the Act or the rules made thereunder shall have the meanings respectively assigned to them in the Act or the rules made thereunder.
3. (1) Subject to the provisions of this Scheme, a person may make a declaration to the designated authority on or before the 31st day of December, 2016 in such form and manner as may be prescribed.
(2) The designated authority shall acknowledge the declaration in such form and manner as may be prescribed.
(3) The declarant shall pay tax due along with the interest thereon at the rate as provided in the Act and penalty equivalent to twenty-five per cent of the penalty imposed in the impugned order, within fifteen days of the receipt of acknowledgement under sub-section (2) and intimate the designated authority within seven days of making such payment giving the details of payment made along with the proof thereof.
(4) On receipt of the proof of payment of tax, interest and penalty under sub-section (3), the designated authority shall, within fifteen days of the receipt of such proof, pass an order of discharge of dues referred to in sub-section (3) in such form as may be prescribed.
4. The provisions of this Scheme shall not apply, if—
 - (a) the impugned order is in respect of search and seizure proceeding; or

- (b) prosecution for any offence punishable under the Act has been instituted before the 1st day of June, 2016; or
- (c) the impugned order is in respect of narcotic drugs or other prohibited goods; or
- (d) impugned order is in respect of any offence punishable under the Indian Penal Code, the Narcotic Drugs and Psychotropic Substances Act, 1985 or the Prevention of Corruption Act, 1988; or
- (e) any detention order has been passed under the Conservation of Foreign Exchange and Prevention of Smuggling Act, 1974.

5. (1) Notwithstanding anything contained in any provision of the Act, upon the passing of an order under sub-section (4) of section 214, the appeal pending before the Commissioner (Appeals) shall stand disposed of and the declarant shall get immunity from all proceedings under the Act, in respect of the indirect tax dispute for which the declaration has been made under this Scheme.
- (2) A declaration made under sub-section (1) of section 214 shall become conclusive upon the issuance of an order under sub-section (4) of section 214 and no matter relating to the impugned order shall be reopened thereafter in any proceedings under the Act before any authority or court.
6. (1) Any amount paid in pursuance of a declaration made under sub-section (1) of section 214 shall not be refunded.
- (2) Any order passed under sub-section (4) of section 214 shall not be deemed to be an order on merits and has no binding effect.
- Explanation.—For the removal of doubts, it is hereby declared that nothing contained in this Scheme shall be construed as conferring any benefit, concession or immunity on the declarant other than the benefit, concession or immunity granted under section 216.
7. (1) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Scheme.
- (2) Without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—
- (a) the form and the manner in which a declaration may be made under sub-section (1) of section 214;
 - (b) the form and the manner of acknowledging the declaration under sub-section (2) of section 214;
 - (c) the form and the manner of issuing an order of discharge under sub-section (4) of section 214;
 - (d) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made, by rules.
- (3) Every rule made under this Scheme shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Amendment to the Central Sales Tax Act, 1956

1. In the Central Sales Tax Act, 1956, in section 3, after Explanation 2, the following Explanation shall be inserted, namely:—

“Explanation 3.—Where the gas sold or purchased and transported through a common carrier pipeline or any other common transport or distribution system becomes co-mingled and fungible with other gas in the pipeline or system and such gas is introduced into the pipeline or system in one State and is taken out from the pipeline in another State, such sale or purchase of gas shall be deemed to be a movement of goods from one State to another.”

Relevant Amendments for Study Material — as amended by the Finance Act, 2016 and Notifications and Circulars:

Sl. No	Topic	Reference
Central Excise		
1.	<p>Section 11A(1)(a) of Central Excise Act should be as follows: Central Excise Officer shall, within two years from relevant date, serve show cause notice on person chargeable to duty, if – (a) duty of excise has not been levied or paid or (b) short levied or paid or (c) erroneously refunded. The show cause notice should ask the person why he should not pay the amount specified in the notice.</p>	Finance Act, 2016
2.	<p>Section 37B of Central Excise Act should be as follows: Board empowered to issue orders, instructions and directions to Central Excise Officers for purposes of uniformity in the classification of excisable goods or with respect to levy of excise duties on such goods or for the implementation of any other provision of this Act. However, such order cannot require central excise officer to make assessment in a particular way or interfere with discretion of Commissioner (Appeals).</p>	Finance Act, 2016
3.	<p>Notification No. 8/2003-Central Excise dated the 1st March, 2003 is modified as follows: w.e.f. 1-4-2016: The SSI exemption for such jewellery manufacturers would be upto ₹ 6 crore in a year with an eligibility limit of ₹ 12 crore in the preceding year for such jewellery manufacturers. Thus, a jewellery manufacturer will be eligible for exemption from excise duty on first clearances upto ₹ 6 crore during a financial year, if his aggregate domestic clearances during preceding financial year did not exceed ₹ 12 crore</p> <p>w.e.f. 1st March 2016: The scheme of levy and collection of Central Excise duty on articles of Jewellery is as under: (a) The levy and collection of Central Excise Duty is on the manufacture of Jewellery (excluding silver Jewellery, not studded with diamonds, ruby, emerald or sapphire). (b) It is applicable to both branded as well as unbranded Jewellery. (c) The rate of duty on the Jewellery are as follows: (i) 1% on transaction value [without Cenvat credit] or</p>	Notification No. 8/2016 CE dated 01.03.2016 and Circular No. 1021/9/2016 Cex. Dated 21-3-2016

(ii) 12.5% on transaction value [with Cenvat credit]

(d) The said exemption based on value of clearance is not available if manufacturer affixes the brand name of another person.

(e) While computing the above said value of clearances, the value of Exports or the value of traded goods i.e. purchased and sold or the goods manufactured with the brand name of others (on which duty has to be paid) should not be counted.

GOVERNMENT ACCEPTS RECOMMENDATIONS OF SUB-COMMITTEE OF HIGH LEVEL COMMITTEE TO INTERACT WITH TRADE & INDUSTRY ON TAX LAWS ON ISSUES RELATING TO COMPLIANCE PROCEDURE FOR EXCISE DUTY

Government of India issued various notifications in this regard w.e.f 26-07-2016 which are as follows:

Government has also decided to increase the SSI Eligibility limit and SSI Exemption limit for manufacturers of articles of jewellery or parts of articles of jewellery or both.

In this connection, the Central Government had constituted a Sub-Committee of the High Level Committee to interact with Trade & Industry on Tax Laws to interact with trade and industry on issues relating to compliance procedure for the excise duty, including records to be maintained and any other administrative issues that may be relevant.

Since then, the said Sub-Committee has submitted its report on 23.06.2016, and *inter alia* recommended the following:

- (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 [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 caratage 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 ₹ 1 crore, [that is turnover of manufactured goods less than ₹ 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;

All these recommendations have been accepted by the Government.

In this context, independent of Committee's recommendations, the Government has also decided to increase for manufacturers of articles of jewellery or parts of articles of jewellery or both:

- (a) the SSI Eligibility limit from ₹ 12 Crore to ₹ 15 Crore;

	<p>(b) the SSI Exemption limit from ₹ 6 Crore to ₹ 10 Crore in a financial year and ₹ 85 lakh for the Month of March, 2016;</p> <p>Notification No. 8/2003 CE dated 01.03.2003 has been amended vide Notification No. 28/2016 CE dated 26.07.2016 to carry out the above amendment.</p>	
4.	<p>W.e.f. 1-4-2016, Name of 'Annual Financial Information Statement' has been changed to "Annual Return".</p>	<p>Notification No. 8/2016 CE dated 01.03.2016</p>
5.	<p>W.e.f. 1-3-2016, On the lines of Service Tax, an assessee under Central Excise submits a revised ER 1 return by the end of the calendar month in which the original return is filed. This is permissible only if original return was filed in time. Similarly ER 2 return filed by EOU can be revised by end of calendar month in which original return was filed.</p> <p>The assessee covered under jewellery sector and paying duty @1% would be permitted to file simplified return quarterly in the ER-8.</p>	<p>Notification No. 8/2016 CE dated 01.03.2016</p>
6.	<p>Section 11AA of Central Excise Act is modified as follows: W.e.f. 1-4-2016, the interest rate is 15% p.a. (earlier @18% p.a.) payable as interest on delayed payment of excise duty.</p>	<p>Notification No. 15/2016 CE dated 01.03.2016</p>
7.	<p>Exemption as per Notification no. 1/2011 CE has been withdrawn and effective rate of duty for goods under chapter heading 8517 – Wireless data modem cards with PCMCIA or USB or PCI express ports is 12.5% w.e.f. 5th May 2016.</p>	<p>Notification No.20/2016 & 21/2016-CE, dated 05th May 2016</p>
8.	<p>No Infrastructural Cess is leviable in case of Exports made to Bhutan, Exports under Bond. Rebate of Infrastructural Cess is available in case of Exports under rebate. Benefit of procurement of excisable goods without payment of duty for manufacture or processing of goods as per notification 43/2001 CE will also be applicable mutatis mutandis in case of infrastructure cess.</p>	<p>Notification No.26/2016 -CE (N.T.), dated 5th May 2016</p>
9.	<p>It has been clarified that any reference to "Clean Energy Cess" in the rules, notifications, instructions, decisions, or orders, made or issued under the said sections shall be interpret as "Clean Environment Cess."</p>	<p>Notification No.1/2016-CE F.No.334/8/2016-TRU, dated 14th May 2016</p>
10.	<p>Rectification has been made for exemption of intermediated goods captively consumed when finished goods are cleared to Special economic zone. In other words no duties will be paid on intermediate goods captively consumed for goods cleared to SEZ. Similar correction has been made for</p>	<p>Notification No.24/2016 -CE, dated 14th</p>

	the goods manufactured in the factory of Job work, when product is cleared in SEZ.	Jun 2016, and 25/2016-CE, dated 14th Jun 2016
11.	<p>CBEC notifies Indirect Tax Dispute Resolution Scheme Rules, 2016 from 1st Jun 2016.</p> <ul style="list-style-type: none"> - The declaration under this scheme shall be made in Form 1 in respect of amount payable under the scheme to the designated authority in duplicate. - On receipt of declaration the designated authority shall issue acknowledgment thereof in Form 2 within seven days of the receipt of declaration. - Copies of Form 1 and Form 2 shall be furnished within fifteen days of receipt of Form 2 to the concerned Commissioner (Appeals) before whom the appeal in respect of the which the declaration has been made is pending. - On receipt of Form 1 & 2 Commissioner (Appeals) shall not proceed with the appeal in respect which the declaration has been made for the period of sixty days. - Declarant shall, within fifteen days of the receipt of acknowledgement under sub deposit the amounts and within seven days of making the deposit, intimate the designated authority about the deposit made in Form 3. - The designated authority shall, within fifteen days of receipt of the information about the deposit made in Form 3, issue the order of discharge of dues in respect of the declaration made in Form 4. - The declarant shall intimate the concerned Commissioner (Appeals) along with the copy of the order of discharge of dues issued by the designated authority before the expiry of the period of sixty days. - On the receipt of the information along with the copy of the order of discharge of dues issued by the designated authority, Commissioner (Appeals) shall remove the appeal from the list of pending appeals with him and intimate the declarant within seven days of the receipt of information. 	Notification No.29/2016 -CE (N.T.), dated 31st May 2016
12.	Now a person who is registered as a first stage dealer shall not be required to take registration as an importer and vice versa under sub rule 2 of rule 9 of the Central Excise Rules, 2002.	Notification No.30/2016 -CE (N.T.), dated 28th Jun 2016
13.	It has been clarified that, importer and a First stage dealer may take only one registration and also have an option to file a signal quarterly return.	Circular No.1032/20 /2016-CX, dated 28th Jun 2016
14.	It has been clarified that for the purpose of Indirect Tax Dispute Resolution Scheme, 2016 the "designated authority" means an officer not below the rank of Assistant Commissioner who is authorised to act as Assistant Commissioner by the Commissioner for the purpose of this scheme. Field formations are informed to publicize the scheme and make it to a success.	Instruction No.F.No.10 80/06/DLA/I DRS/2016, dated 1st

		Jun 2016										
15.	SSI eligibility and exemption limit for manufacturers of articles of jewellery have been revised, as under; a) The SSI Eligibility limit from ₹ 12 crore to ₹ 15 crore and b) The SSI Exemption limit from ₹ 6 crore to ₹ 10 crore.	Notification No.28/2016 -CE, dated 26th July 2016										
16.	For computation of exemption and eligibility and exemption limits and other related issues for SSI exemption under NN 8/2003-CE dtd.1st Mar 2003 in respect of manufacturer or principal manufacturer of articles of jewellery or parts of articles of jewellery or both, it has been clarified that; <ul style="list-style-type: none"> - Computation of eligibility and exemption limits for SSI exemption is to be done individually for each manufacturer or principal manufacturer, irrespective of the number of job works employed by such manufacturer or principal manufacturer or the number of premises from his job workers operate. - For computation of eligibility and exemption limits for SSI exemption the value of articles of jewellery exported (except those exported to Bhutan) will not be counted. - The value of traded articles of jewellery (on which appropriate excise duty, including nil duty, has already been paid) will not be included in the SSI exemption limit. - Further, in respect of jewellery manufactured out of jewellery or precious stones supplied by the individual retail customer, only the value addition (sum of cost of additional material or principal manufacture) shall be taken into consideration for computation of such limits. - In case of multiple manufacturers or principal manufacturers, operating from the same premises and individually registered under state VAT on or before 29th Feb 2016, may be allowed separate central excise registration. However, in such cases the value of clearances of all such manufacturers or principal manufacturers shall be clubbed together for determining the eligibility/exemption limits for the purpose of SSI exemption. 	Circular No.1040/28 /2016-CX, dated 26st July 2016										
17.	It has been clarified that, no excise audit will be carried out for the first two years for manufacturers/principal manufacturers of articles of jewellery whose duty payment (cash plus credit) is less than ₹ 1 crore. However after expiry of first two period audit will be carried as per below mentioned table; <table border="1" data-bbox="256 1430 1248 1860"> <thead> <tr> <th>Amount of Duty payment (cash plus credit)</th> <th>Audit Cycle</th> </tr> </thead> <tbody> <tr> <td>More than ₹ 3 Crore</td> <td>Every Year</td> </tr> <tr> <td>More than ₹ 1 Crore but less than ₹ 3 Crore</td> <td>Once in every two years</td> </tr> <tr> <td>More than ₹ 50 Lakhs but less than ₹ 1 Crore</td> <td>Once in every five years</td> </tr> <tr> <td>Below ₹ 50 Lakhs</td> <td>Every year - shall not exceed 5 per cent of total number of registered manufacturers/principal manufacturers as approved by Commissioner or an equivalent rank officer</td> </tr> </tbody> </table>	Amount of Duty payment (cash plus credit)	Audit Cycle	More than ₹ 3 Crore	Every Year	More than ₹ 1 Crore but less than ₹ 3 Crore	Once in every two years	More than ₹ 50 Lakhs but less than ₹ 1 Crore	Once in every five years	Below ₹ 50 Lakhs	Every year - shall not exceed 5 per cent of total number of registered manufacturers/principal manufacturers as approved by Commissioner or an equivalent rank officer	Circular No.1041/29 /2016-CX, dated 26th July 2016
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18.	Facility to revise ER-1, ER-2 & Annual return which are filed within due date by	Notification										

	the end of the calendar month in which the original return is filed is made available w.e.f. 17th Aug 2016. Hence, assessee can revise the returns from the month July-16 and onwards accordingly.	No.42/2016 -CE , dated 11th Aug 2016												
19.	It has been again clarified that, no duty payment in cases where goods manufactured by EOU and cleared in to DTA without payment of Central Excise Duty against Advance Licence/ Authorisation.	Circular No.1046/34 /2016-CX, dated 16th Sep 2016												
20.	Revised Monetary Limits for adjudication of Show Cause Notice in Central Excise and Service Tax has be prescribed as below:	Circular No.1049/37 /2016-CX, dated 29th Sep 2016												
	<table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Central Excise Officer</th> <th>Monitory limits for Central Excise</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Additional / Joint Commissioner</td> <td>Exceeding ₹ 50 Lakhs</td> </tr> <tr> <td>2.</td> <td>Deputy/Assistant</td> <td>Above ₹ 10 Lakhs but not exceeding ₹ 50 Lakhs</td> </tr> <tr> <td>3.</td> <td>Superintendent</td> <td>Not exceeding ₹ 10 Lakhs</td> </tr> </tbody> </table>	Sr. No.	Central Excise Officer	Monitory limits for Central Excise	1.	Additional / Joint Commissioner	Exceeding ₹ 50 Lakhs	2.	Deputy/Assistant	Above ₹ 10 Lakhs but not exceeding ₹ 50 Lakhs	3.	Superintendent	Not exceeding ₹ 10 Lakhs	
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Circular No. 1049/37/2016 CX dated 29.09.2016 has issued new instructions with regard to monetary limits for adjudication of show cause notice under central excise and service tax. It has been directed that henceforth powers of adjudication in both central excise and service tax shall be exercised, based on the monetary limit of the duty/ tax/ credit involved in a case, as under:-

Central Excise Officer	Monetary limits of duty/ tax/ credit demand for central excise and service tax W.e.f. 29.09.2016
The Superintendent	Not exceeding ₹10 lakh
The Deputy/Assistant Commissioner	Above ₹ 10 lakh but not exceeding ₹ 50 lakh
The Joint/Additional Commissioner	Above ₹ 50 lakhs but not exceeding ₹ 2 Crores
Commissioner / Principal Commissioner	Without limit i.e., cases exceeding ₹ 2 Crores

However, cases involving taxability, classification, valuation and extended period of limitation will be kept out of the purview of adjudication by Superintendents. In such cases, the Deputy Commissioner/ Assistant Commissioner in addition to the cases exceeding ₹ 10 lakhs but not exceeding ₹ 50 lakhs will, also adjudicate upto ₹ 10 lakh.

Cenvat Credit

1.	<p>Rule 2(a)(A) of Cenvat Credit Rules, 2004 is modified as follows: Capital goods means: (A) the following goods, namely:- (i) all goods falling under Chapter 82, Chapter 84, Chapter 85, Chapter 90, [heading No. 6805 grinding wheels and the like, and parts thereof falling under heading 6804 and wagons of sub-heading 860692 of the First Schedule to the Excise Tariff Act; (ii) pollution control equipment; (iii) components, spares and accessories of the goods specified at (i) and (ii); (iv) moulds and dies, jigs and fixtures; (v) refractories and refractory materials; (vi) tubes and pipes and fittings thereof; (vii) storage tank, and (viii) motor vehicles other than those falling under tariff headings 8702, 8703, 8704, 8711 and their chassis but including dumpers and tippers. used- (1) in the factory of the manufacturer of the final products, but does not include any equipment or appliance used in an office; or (1A) outside the factory of the manufacturer of the final products for generation of electricity or for pumping of water for captive use within the factory; or (2) for providing output service;</p>	Notification No. 13/2016 CE dated 01.03.2016
2.	<p>Rule 2(e) of Cenvat Credit Rules, 2004 is modified as follows: Exempted service shall not include a service — (a) which is exported in terms of rule 6A of the Service Tax Rules, 1994; or (b) by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India.</p>	Notification No. 13/2016 CE dated 01.03.2016
3.	<p>Rule 2(k) of Cenvat Credit Rules, 2004 is modified as follows: “Input” means – (i) all goods used in the factory by the manufacturer of the final product; or (ii) any goods including accessories, cleared along with the final product, the value of which is included in the value of the final product and goods used for providing free warranty for final products; or (iii) all goods used for generation of electricity or steam or pumping of water for captive use; or (iv) all goods used for providing any output service, or; (v) all capital goods which have a value upto ten thousand rupees per piece.</p>	Notification No. 13/2016 CE dated 01.03.2016

	<p>but excludes -</p> <p>(A) Light diesel oil, high speed diesel oil or motor spirit, commonly known as petrol;</p> <p>(B) Any goods used for -</p> <p>(a) construction or execution of works contract of a building or a civil structure or a part thereof; or</p> <p>(b) laying of foundation or making of structures for support of capital goods,</p> <p>except for the provision of service portion in the execution of a works contract or construction service as listed under clause (b) of section 66E of the Finance Act;]</p> <p>(C) Capital goods, except when,-</p> <p>(i) used as parts or components in the manufacture of a final product; or</p> <p>(ii) the value of such capital goods is upto ten thousand rupees per piece;</p> <p>(D) Motor vehicles;</p> <p>(E) any goods, such as food items, goods used in a guesthouse, residential colony, club or a recreation facility and clinical establishment, when such goods are used primarily for personal use or consumption of any employee; and</p> <p>(F) any goods which have no relationship whatsoever with the manufacture of a final product.</p> <p>Explanation - For the purpose of this clause, "free warranty" means a warranty provided by the manufacturer, the value of which is included in the price of the final product and is not charged separately from the customer;]</p>	
4.	<p>Explanation to Rule 2(l) [input service] of Cenvat Credit Rules, 2004 is modified as follows:</p> <p>Sales promotion includes services by way of sale of dutiable goods on commission basis.</p>	<p>Notification No. 2/2016 CE dated 03.02.2016</p>
5.	<p>Rule 2(m) of Cenvat Credit Rules, 2004 is modified as follows:</p> <p>"input service distributor" means an office of the manufacturer or producer of final products or provider of output service, which receives invoices issued under rule 4A of the Service Tax Rules, 1994 towards purchases of input services and issues invoice, bill or, as the case may be, challan for the purposes of distributing the credit of service tax paid on the said services to such manufacturer or producer or provider, or an outsourced manufacturing unit, as the case may be;</p>	<p>Notification No. 13/2016 CE dated 01.03.2016</p>
6.	<p>Proviso to rule 3(1)(vii) [Restriction on Cenvat credit of CVD paid on ships, boats and other floating structures for breaking up to the extent of 85%] of Cenvat Credit Rules, 2004 is omitted:</p>	<p>Notification No. 1/2016 CE dated 01.02.2016</p>
7.	<p>Rule 3(1) of Cenvat Credit Rules, 2004 is modified as follows:</p>	<p>Notification</p>

	A provider of output service shall be allowed to take CENVAT credit of the Krishi Kalyan Cess on taxable services.	No. 28/2016 CE dated 26.05.2016
8.	Rule 3(4) of Cenvat Credit Rules, 2004 is modified as follows: The CENVAT credit of any duty, except the National Calamity Contingent duty leviable u/s 136 of the Finance Act, 2001 shall not be utilized for payment of the said National Calamity Contingent duty leviable u/s 136 of the Finance Act, 2001.	Notification No. 13/2016 CE dated 01.03.2016
9.	Rule 3(4) of Cenvat Credit Rules, 2004 is modified as follows: The CENVAT credit of any duty specified in sub-rule (1), shall not be utilized for payment of the Swachh Bharat cess leviable u/s 119(2) of the Finance Act, 2015.	Notification No. 2/2016 CE dated 03.02.2016
10.	Rule 3(4) of Cenvat Credit Rules, 2004 is modified as follows: The CENVAT credit of any duty specified in sub-rule (1), shall not be utilized for payment of the Krishi Kalyan Cess leviable u/s 161 of the Finance Act, 2016.	Notification No. 28/2016 CE dated 26.05.2016
11.	Rule 3(4) of Cenvat Credit Rules, 2004 is modified as follows: The CENVAT credit shall not be utilized for payment of Infrastructure Cess leviable under clause 159(1) of the Finance Bill, 2016.	Notification No. 13/2016 CE dated 01.03.2016
12.	Explanation to Rule 4(2)(a) of Cenvat Credit Rules, 2004 is modified as follows: An assessee engaged in the manufacture of articles of jewellery, other than articles of silver jewellery but inclusive of silver jewellery studded with diamond, ruby, emerald or sapphire, shall be eligible to avail 100% Cenvat credit on capital goods in the year of purchase — if his aggregate value of clearances of all excisable goods for home consumption did not exceed rupees 12 crore.	Notification No. 13/2016 CE dated 01.03.2016
13.	Rule 4(5)(b) of Cenvat Credit Rules, 2004 is modified as follows: The CENVAT credit shall also be allowed in respect of jigs, fixtures, moulds and dies or tools falling under Chapter 82 of the First Schedule to the Central Excise Tariff Act, are sent by a manufacturer of final products to,- (i) another manufacturer for the production of goods; or (ii) a job worker for the production of goods on his behalf, according to his specifications.	Notification No. 13/2016 CE dated 01.03.2016
14.	Rule 4(6) of Cenvat Credit Rules, 2004 is modified as follows: Order to the manufacturer of the final products who has sent the input or partially processed inputs outside his factory to a job-worker and clearance from the premises of the job-worker shall be valid for three financial years, in respect of removal of such input or partially processed input.	Notification No. 13/2016 CE dated 01.03.2016
15.	Rule 4(7) of Cenvat Credit Rules, 2004 is modified as follows: CENVAT Credit of Service Tax paid in a financial year, on the one-time charges for the service of assignment of the right to use any natural resource by the Government, local authority or any other person, shall be spread evenly over a period of three years. Provided also that where the manufacturer of goods or provider of output	Notification No. 24/2016 CE dated 13.04.2016

	service, further assigns such right to another person against consideration, such amount of balance CENVAT credit as does not exceed the service tax payable on the consideration charged by him for such further assignment, shall be allowed in the same financial year.	
16.	<p>Rule 5 of Cenvat Credit Rules, 2004 is modified as follows:</p> <p>The refund application in the Form A along with the documents specified therein and enclosures relating to the quarter for which refund is being claimed shall be filed as under:</p> <p>(i) in case of manufacturer, before the expiry of the period specified in section 11B of the Central Excise Act, 1944 (1 of 1944);</p> <p>(ii) in case of service provider, before the expiry of one year from the date of – (a) receipt of payment in convertible foreign exchange, where provision of service had been completed prior to receipt of such payment; or (b) issue of invoice, where payment for the service had been received in advance prior to the date of issue of the invoice.</p>	Notification No. 14/2016 CE dated 01.03.2016
17.	<p>Rule 6 of Cenvat Credit Rules, 2004 is modified as follows:</p> <ul style="list-style-type: none"> • Rule 6(1): The existing principle that CENVAT credit shall not be allowed on such quantity of input and input services as is used in or in relation to manufacture of exempted goods and exempted service. The procedure for calculation of credit not allowed is provided in sub-rules (2) and (3), for two different situations. • Rule 6(2): A manufacturer who exclusively manufactures exempted goods for their clearance up to the place of removal or a service provider who exclusively provides exempted services shall pay (i.e. reverse) the entire credit and effectively not be eligible for credit of any inputs and input services used. • Rule 6(3): When a manufacturer manufactures two classes of goods for clearance upto the place of removal, namely, exempted goods and final products excluding exempted goods or when a provider of output services provides two classes of services, namely exempted services and output services excluding exempted services, then the manufacturer or the provider of the output service shall exercise one of the two options, namely, <ul style="list-style-type: none"> (a) pay an amount equal to 6% of value of the exempted goods and 7% of value of the exempted services, subject to a maximum of the total credit taken or (b) pay an amount as determined under sub-rule (3A). • Rule 6 (3A) : The procedure and conditions for calculation of credit allowed and credit not allowed and such credit not allowed shall be paid, provisionally for each month. Intimation in writing to the Superintendent of Central Excise is necessary. The four key steps for calculating the credit required to be paid are :- <ul style="list-style-type: none"> – No credit of inputs or input services used exclusively in manufacture of exempted goods or for provision of exempted services shall be available ; – Full credit of input or input services used exclusively in final products excluding exempted goods or output services excluding exempted 	Notification No. 13/2016 CE dated 01.03.2016

	<p>services shall be available;</p> <ul style="list-style-type: none"> - Credit left thereafter is common credit and shall be attributed towards exempted goods and exempted services by multiplying the common credit with the ratio of value of exempted goods manufactured or exempted services provided to the total turnover of exempted and non-exempted goods and exempted and non-exempted services in the previous financial year; - Final reconciliation and adjustments are provided for after close of financial year by 30th June of the succeeding financial year, as provided in the existing rule. <ul style="list-style-type: none"> • New sub-rule (3AA): A manufacturer or a provider of output service who has failed to follow the procedure of giving prior intimation, may be allowed by a Central Excise officer, competent to adjudicate such case, to follow the procedure and pay the amount prescribed subject to payment of interest calculated at the rate of 15% p.a. • New sub-rule (3AB) (transitional provision): The existing rule 6 of CCR would continue to be in operation upto 30.06.2016, for the units who are required to discharge the obligation in respect of financial year 2015-16. • Rule 6(3B): Allow banks and other financial institutions to reverse credit in respect of exempted services on actual basis in addition to the option of 50% reversal. • Explanations 3 and 4 are being inserted in rule 6, sub-rule (1) so as provide for reversal of CENVAT Credit on inputs/input services which have been commonly used in providing taxable output service and an activity which is not a 'service' under the Finance Act, 1994. • Rule 6(4): No CENVAT credit shall be allowed on capital goods if the same are used for the manufacture of exempted goods or provision of exempted service for two years from the date of commencement of commercial production or provision of service. • Rule 6(7): Credit taken on inputs and input services used in providing a service by way of "transportation of goods by a vessel from customs station of clearance in India to a place outside India" shall not be required to be reversed by the shipping lines. 	
18.	<p>Rule 7 of Cenvat Credit Rules, 2004 is modified as follows:</p> <p>Distribution of CENVAT credit to an Outsourced Manufacturing Unit:</p> <p>The benefit of distribution of CENVAT credit is provided to an Outsourced Manufacturing Unit also. The term 'Outsourced Manufacturing Unit' is defined as under:</p> <ul style="list-style-type: none"> - a job-worker who is required to pay duty on the value determined under the provisions of rule 10A of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000, on the goods manufactured for the Input Service Distributor 	<p>Notification No. 13/2016 CE dated 01.03.2016</p>

	<p style="text-align: center;">OR</p> <ul style="list-style-type: none"> - a manufacturer who manufactures goods, for the Input Service Distributor under a contract, bearing the brand name of the Input Service Distributor and is required to pay duty on value determined under the provisions of section 4A of the Central Excise Act, 1944. In case, an Outsourced Manufacturing Unit carries out operations for more than one Input Service Distributor (ISD), then in such a case, it is required to maintain separate account of credit received from each of the input service distributors and shall use it for payment of duty on goods manufactured for Input Service Distributor concerned. In simple words, there should be one to one correlation between credit received and use of it for payment of duty. <p>It has been specifically clarified that the credit of service tax paid on input services, available with the Input Service Distributor as on 31st of March, 2016 shall NOT be distributed to an outsourced manufacturing unit.</p> <p>Manner of Distribution of Credit by Input Service Distributor: Prior to 01-04-2016, credit of service tax attributable to service used by more than one unit shall be distributed on pro rata, based on turnover, to all the units. Now (w.e.f. 1-4-2016), the proposition has been changed. Under amended scenario, an Input Service Distributor shall distribute CENVAT credit in respect of service tax paid on the input services to its manufacturing units or units providing output service or to outsourced manufacturing units subject to, inter alia, the following conditions:</p> <ul style="list-style-type: none"> - credit attributable to a particular unit shall be attributed to that unit only. - Credit attributable to more than one unit but not all shall be to attributed to those units only and not to all units. - Credit attributable to all units shall be attributed to all the units. <p>Credit shall be distributed pro rata on the basis of turnover as is done previously.</p> <p>Further, it is important to note that units availing the CENVAT credit distributed by Input Service Distributor shall be required to follow the procedure laid down in Rule 6 of CENVAT Credit Rules, 2004 relating to reversal of credit. Accordingly, responsibility of Input Service Distributor is limited to distribution of Cenvat credit only.</p>	
19.	<p>Rule 7B of Cenvat Credit Rules, 2004 is inserted as follows:</p> <p>Distribution of credit on inputs by warehouse of manufacturer: (1) A manufacturer having one or more factories, shall be allowed to take credit on inputs received under the cover of an invoice issued by a warehouse of the said manufacturer, who receives inputs under cover of invoices, issued in terms of the provisions of the Central Excise Rules, 2002, towards the purchase of such inputs.</p> <p>(2) The provisions of these rules or any other rules made under the Excise Act as applicable to a first stage dealer or a second stage dealer, shall, mutatis mutandis, apply to such warehouse of the manufacturer.</p>	Notification No. 13/2016 CE dated 01.03.2016
20.	<p>Rule 9(1)(a)(i) of Cenvat Credit Rules, 2004 is modified as follows:</p>	Notification

	Invoice issued by a service provider for clearance of inputs or capital goods will be an eligible document under rule 9, like as manufacturer, for taking Cenvat credit.	No. 13/2016 CE dated 01.03.2016
21.	Now for availment of CENVAT credit under CCR, 2004, there is no requirement of enclosing photocopies of the railway receipts (RRs). Credit can be availed based on the STTG certificate.	Notification No.45/2016 -CE, dated 20th Sep 2016
Customs		
1.	Section 2(43) of the Customs Act is modified as follows: "Warehouse means a public warehouse licensed under section 57 or a private warehouse licensed under section 58 or a special warehouse licensed under section 58A. "	Finance Act, 2016
2.	Section 2(45) [Warehouse Station] of the Customs Act is omitted .	Finance Act, 2016
3.	Section 9 [Power to declare places to be warehousing stations] of the Customs Act is omitted .	Finance Act, 2016
4.	The heading of Section 28 of the Customs Act is modified as follows: "Recovery of duties not levied or not paid or short levied or short paid or erroneously refunded."	Finance Act, 2016
5.	Section 28(1)(a) of the Customs Act is modified as follows: "Where any duty has not been levied or not paid or has been short-levied or short-paid or erroneously refunded, or any interest payable has not been paid, part-paid or erroneously refunded, for any reason other than the reasons of collusion or any wilful mis-statement or suppression of facts, the proper officer shall, within two years from the relevant date, serve notice on the person chargeable with the duty or interest which has not been so levied or paid or which has been short levied or short-paid or to whom the refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice;	Finance Act, 2016
6.	Section 47(1) and 47(2) of the Customs Act is modified as follows: (1) The Central Government may, by notification in the Official Gazette, permit certain class of importers to make deferred payment of import duty or any charges in case of permitting, clearance of goods for home consumption, by proper officer. (2) Where the importer fails to pay the import duty, either in full or in part, within two days (excluding holidays) — (a) from the date on which the bill of entry is returned to him for payment of duty; or (b) in the case of deferred payment under the above proviso to sub-section (1), from due date, he shall pay interest on the duty not paid or short-paid till the date of its payment.	Finance Act, 2016
7.	Section 51(1) and 51(2) of the Customs Act is modified as follows: (1) The Central Government may, by notification in the Official Gazette, permit certain class of exporters to make deferred payment of duty, if any payable by him or any charges in case of permitting, clearance and loading of the goods for exportation, by proper officer.	Finance Act, 2016

	(2) Where the exporter fails to pay the export duty, either in full or in part, by such due date as may be specified by rules — he shall pay interest on the duty not paid or short-paid till the date of its payment.	
8.	Section 53 of the Customs Act is modified as follows: Where any goods imported in a conveyance and mentioned in the import manifest or the import report, for transit in the same conveyance to any place outside India or to any custom station, the proper officer may allow the goods and conveyance to transit without payment of duty.	Finance Act, 2016
9.	Section 57 of the Customs Act is modified as follows: The Principal Commissioner of Customs or Commissioner of Customs may license a public warehouse wherein dutiable goods may be deposited.	Finance Act, 2016
10.	Section 58 of the Customs Act is modified as follows: Principal Commissioner of Customs or Commissioner of Customs may, licence a private warehouse wherein dutiable goods imported by or on behalf of the licensee may be deposited.	Finance Act, 2016
11.	Section 58B of the Customs Act is modified as follows: Where a licensee contravenes any of the provisions of this Act or the rules or regulations made thereunder or breaches any of the conditions of the licence, the Principal Commissioner of Customs or Commissioner of Customs may cancel the licence granted under section 57 or section 58 or section 58A (licensing of special warehouse). When any licence is cancelled, the licensee shall be given a reasonable opportunity of being heard. Where the licence issued is cancelled, the goods warehoused shall, within seven days from the date on which order of such cancellation is served on the licensee or within such extended period as the proper officer may allow, be removed from such warehouse to another ware house or be cleared for home consumption or export.	Finance Act, 2016
12.	Section 59 of the Customs Act is modified as follows: Warehousing Bond: The importer of any goods in respect of which a bill of entry for warehousing has been presented and assessed to duty shall execute a bond in a sum equal to thrice the amount of the duty assessed on such goods, binding himself— (a) to comply with all the provisions of the Act and the rules and regulations made thereunder in respect of such goods; (b) to pay, on or before the date specified in the notice of demand, all duties and interest payable and (c) to pay all penalties and fines incurred for the contravention of the provisions of this Act or the rules or regulations, in respect of such goods. The importer shall, in addition to the execution of a bond, furnish such security as may be prescribed. Any bond executed by an importer in respect of any goods shall continue to be in force notwithstanding the transfer of the goods to another warehouse.	Finance Act, 2016
13.	Section 61 of the Customs Act is modified as follows: Warehousing Period: (a) Capital goods intended for use in any 100% EOU or electronic hardware technology park unit or software technology park unit or any warehouse wherein manufacture or other operations have been permitted: till their	Finance Act, 2016

	<p>clearance from the warehouse;</p> <p>(b) Goods other than capital goods intended for use in any 100% EOU or electronic hardware technology park unit or software technology park unit or any warehouse wherein manufacture or other operations have been permitted: till their consumption or clearance from the warehouse; and</p> <p>(c) Any other goods: till the expiry of one year from the date on which the proper officer has made an order.</p> <p>The Principal Commissioner of Customs or Commissioner of Customs may, on sufficient cause being shown, extend the period for which the goods may remain in the warehouse, by not more than one year at a time:</p> <p>Where such goods are likely to deteriorate, the period referred above may be reduced by the Principal Commissioner of Customs or Commissioner of Customs to such shorter period as he may deem fit.</p> <p>Where any warehoused goods remain in a warehouse beyond a period of ninety days from the date on which the proper officer has made an order, interest shall be payable, on the amount of duty payable at the time of clearance of the goods, for the period from the expiry of the said ninety days till the date of payment of duty on the warehoused goods.</p>	
14.	Section 62 (Control over warehoused goods) and 63 (Payment of rent and warehouse charges) of the Customs Act are omitted.	Finance Act, 2016
15.	<p>Section 64 of the Customs Act is modified as follows:</p> <p>The owner of any warehoused goods may, after warehousing the same,—</p> <p>(a) inspect the goods;</p> <p>(b) deal with their containers in such manner as may be necessary to prevent loss or deterioration or damage to the goods;</p> <p>(c) sort the goods; or</p> <p>(d) show the goods for sale.</p>	Finance Act, 2016
16.	<p>Section 65 of the Customs Act is modified as follows:</p> <p>With the permission of the Principal Commissioner of Customs or Commissioner of Customs, the owner of any warehoused goods may carry on any manufacturing process or other operations in the warehouse.</p>	Finance Act, 2016
17.	<p>Section 68 of the Customs Act is modified as follows:</p> <p>Any warehoused goods may be cleared from the warehouse for home consumption, if –</p> <p>(a) a bill of entry for home consumption in respect of such goods has been presented in the prescribed form;</p> <p>(b) the import duty, interest, fine and penalties in respect of such goods have been paid; and</p> <p>(c) an order for clearance of such goods for home consumption has been made by the proper officer.</p> <p>The owner of any warehoused goods may at any time before an order for clearance of goods for home consumption, relinquish his title to the goods upon payment of penalties that may be payable in respect of the goods. Upon such relinquishment, he shall not be liable to pay duty thereon.</p> <p>Where an offence committed, the owner of any such goods shall not be</p>	Finance Act, 2016

	allowed to relinquish his title to the goods.	
18.	<p>Section 69 of the Customs Act is modified as follows: Customs warehoused goods can be exported without payment of duty, vide section 69(1) of Customs Act. A shipping bill or bill of export or label or declaration has to be presented. Export duty, fine and penalties is payable as applicable and then goods are allowed to be exported.</p>	Finance Act, 2016
19.	<p>Section 71 of the Customs Act is modified as follows: This section allows clearance of warehoused goods for home consumption on payment of duty, export or removal to another warehouse.</p>	
20.	<p>Section 72 of the Customs Act is modified as follows:</p> <p>Goods improperly removed from warehouse: Following goods are 'goods improperly removed from warehouse, etc':</p> <p>(a) Warehoused goods removed in contravention of provisions of section 71 are goods improperly removed. (b) Warehoused goods not removed at the expiration of warehousing period as specified in section 61 (unless extension is obtained) (c) Taking samples from warehouse without payment of duty and not returning them (d) Goods entered into warehousing under bond u/s 59 are not duly accounted for.</p> <p>In such case, full duty, along with interest, fine and penalties can be demanded. If these are not paid, the warehoused goods can be sold by customs officer, besides other action that can be taken under customs law.</p>	Finance Act, 2016
21.	<p>Section 73 of the Customs Act is modified as follows:</p> <p>Cancellation and return of warehousing bond: When the whole of the goods covered by any bond executed under section 59 have been cleared for home consumption or exported or transferred or are otherwise duly accounted for, and when all amounts due on account of such goods have been paid, the proper officer shall cancel the bond as discharged in full, and shall on demand deliver it, so cancelled, to the person who has executed or is entitled to receive it.</p>	Finance Act, 2016
22.	<p>Section 73A of the Customs Act is newly inserted as follows:</p> <p>(1) All warehoused goods shall remain in the custody of the person who has been granted a licence until they are cleared for home consumption or are transferred to another warehouse or are exported or removed as otherwise.</p> <p>(2) The responsibilities of the person referred to in sub-section (1) who has custody of the warehoused goods shall be such as may be prescribed.</p> <p>(3) Where any warehoused goods are removed in contravention of section 71, the licensee shall be liable to pay duty, interest, fine and penalties without prejudice to any other action that may be taken against him."</p>	Finance Act, 2016
23.	<p>Section 156 of the Customs Act is modified as follows: Section 156 of the Customs Act, 1962 empowers the Central Government to make rules consistent with this Act. Such rules may provide for matters relating to the manner of determining the price of imported goods, duty drawback, baggage, detention and confiscation of goods, the due date and the</p>	Finance Act, 2016

	manner of making deferred payment of duties, taxes, cesses or any other charges under sections 47 and 51 etc.	
24.	Section 8C (Power of Central Government to impose transitional product specific safeguard duty on imports from the People's Republic of China) of the Customs Tariff Act is omitted .	Finance Act, 2016
25.	Format of bond under Section 59 to be executed by Warehouses for storing the goods duty free have been prescribed in the circular.	Circular No. 18/2016 dated 14th May 2016
26.	Interest on Warehoused Goods: It has been clarified that the Interest, if any, shall be paid at the time of ex-bonding of the goods from the warehouse. There were cases when interest was demanded at the time when warehousing period was over & if goods are exported then exporter would have to ask for Refund of interest. In such cases no interest will be demanded.	Circular No. 23/2016 dated 1st June 2016
27.	Procedure has been issued on maintenance of records in relation to warehoused goods in electronic form, filing of Returns and acknowledgment of receipt of goods. <ul style="list-style-type: none"> • Data to be stored electronically. • A licensee shall file with the bond officer a monthly return of the receipt, storage, operations and removal of the goods in the warehouse, within ten days after the close of the month. • For the purpose of discharging these responsibilities, the licensee may appoint one or more employees as authorized signatories. • The warehouse shall have facilities such as computer, photocopier, scanner and printer. 	Circular No. 25/2016 dated 8th June 2016
Service Tax		
1.	Section 65B(11) and 66D(I) of the Finance Act, 1994 is omitted: The Negative List entry covering 'educational services by way of (a) pre-school education and education up to higher and secondary school or equivalent, (b) education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force and (c) education as a part of an approved vocational education course [Section 66D (i)] and the definition of 'approved vocational education course' [section 65B(11)] are being omitted. However, the exemption shall continue by way of exemption notification No. 25/2012 - ST.	Finance Act, 2016 and Notification No. 9/2016 ST dated 01.03.2016
2.	Explanation 2 of section 65B (44) [transaction in money or actionable claim] of the Finance Act, 1994 is modified as follows: Any activity carried out by a lottery distributor or selling agent in relation to promotion, marketing, organizing, selling of lottery or facilitating in organizing lottery of any kind, of the State Government as per the provisions of the Lotteries (Regulation) Act, 1998 (17 of 1998), is leviable to Service Tax.	Finance Act, 2016
3.	Section 66D(a)(iv) of the Finance Act, 1994 is modified as follows: From 01.04.2016, all services provided by Government or Local Authority to a business entity have become taxable.	Notification No. 6/2016 ST dated 18.02.2016 and 15/2016 ST dated 01.03.2016

4.	<p>Section 66D(o)(i) of the Finance Act, 1994 is omitted: The Negative List entry that covers 'service of transportation of passengers, with or without accompanied belongings, by a stage carriage' is being omitted with effect from 1st June, 2016. It is now taxable.</p> <p>Service Tax is being levied on transportation of passengers by air conditioned stage carriage with effect from 1st June, 2016, at the same level of abatement as applicable to the transportation of passengers by a contract carriage, that is, 60% without credit of inputs, input services and capital goods.</p>	Finance Act, 2016
5.	<p>Section 66D(p)(ii) of the Finance Act, 1994 is omitted: Services by way of transportation of goods by an aircraft or vessel from outside India up to the customs station in India.</p> <p>However, service tax will not be payable on services by aircraft [exempted under mega exemption notification 25/2012, dt 20.06.2012]</p>	Finance Act, 2016
6.	<p>Section 66E(j) of the Finance Act, 1994 is inserted: Assignment by the Government of the right to use the radio-frequency spectrum and subsequent transfers thereof is a declared service.</p>	Finance Act, 2016
7.	<p>Sub-section (1), (1A), (2A), (3) and (4B) of section 73 of the Finance Act, 1994 is modified as follows:</p> <p>(1) Where any service tax has not been levied or paid or has been short-levied or short-paid or erroneously refunded, Central Excise Officer may, within thirty months from the relevant date, serve notice on the person chargeable with the service tax which has not been levied or paid or which has been short-levied or short-paid or the person to whom such tax refund has erroneously been made, requiring him to show cause why he should not pay the amount specified in the notice :</p> <p>Provided that where any service tax has not been levied or paid or has been short-levied or short-paid or erroneously refunded by reason of —</p> <p>(a) fraud; or (b) collusion; or (c) wilful mis-statement; or (d) suppression of facts; or (e) Contravention of any of the provisions of this Chapter or of the rules made thereunder with intent to evade payment of service tax, by the person chargeable with the service tax or his agent, the provisions of this sub-section shall have effect, as if, for the words "thirty months", the words "five years" had been substituted.</p> <p>Explanation. — Where the service of the notice is stayed by an order of a court, the period of such stay shall be excluded in computing the aforesaid period of thirty months or five years, as the case may be.</p> <p>(1A) Notwithstanding anything contained in sub-section (1) except the period of thirty months of serving the notice for recovery of service tax), the Central Excise Officer may serve, subsequent to any notice or notices served under that sub-section, a statement, containing the details of service tax not levied or paid or short levied or short paid or erroneously refunded for the subsequent period, on the person chargeable to service</p>	Finance Act, 2016

tax, then, service of such statement shall be deemed to be service of notice on such person, subject to the condition that the grounds relied upon for the subsequent period are same as are mentioned in the earlier notices.

(2A) Where any appellate authority or tribunal or court concludes that the notice issued under the proviso to sub-section (1) is not sustainable for the reason that the charge of,—

(a) fraud; or

(b) collusion; or

(c) wilful misstatement; or

(d) suppression of facts; or

(e) contravention of any of the provisions of this Chapter or the rules made thereunder with intent to evade payment of service tax,

has not been established against the person chargeable with the service tax, to whom the notice was issued, the Central Excise Officer shall determine the service tax payable by such person for the period of **thirty months**, as if the notice was issued for the offences for which limitation of thirty months applies under sub-section (1).

(3) Where any service tax has not been levied or paid or has been short-levied or short-paid or erroneously refunded, the person chargeable with the service tax, or the person to whom such tax refund has erroneously been made, may pay the amount of such service tax, chargeable or erroneously refunded, on the basis of his own ascertainment thereof, or on the basis of tax ascertained by a Central Excise Officer before service of notice on him under sub-section (1) in respect of such service tax, and inform the [Central Excise Officer] of such payment in writing, who, on receipt of such information shall not serve any notice under sub-section (1) in respect of the amount so paid :

Provided that the Central Excise Officer may determine the amount of short-payment of service tax or erroneously refunded service tax, if any, which in his opinion has not been paid by such person and, then, the Central Excise Officer shall proceed to recover such amount in the manner specified in this section, and the period of "**thirty months**" referred to in sub-section (1) shall be counted from the date of receipt of such information of payment.

Explanation.1— For the removal of doubts, it is hereby declared that the interest under section 75 shall be payable on the amount paid by the person under this sub-section and also on the amount of short payment of service tax or erroneously refunded service tax, if any, as may be determined by the [Central Excise Officer], but for this sub-section.

Explanation 2. — For the removal of doubts, it is hereby declared that no penalty under any of the provisions of this Act or the rules made thereunder shall be imposed in respect of payment of service tax under this sub-section and interest thereon.

(4B) The Central Excise Officer shall determine the amount of service tax

	<p>due under sub-section (2) —</p> <p>(a) within six months from the date of notice where it is possible to do so, in respect of cases falling under sub-section (1);</p> <p>(b) within one year from the date of notice, where it is possible to do so, in respect of cases falling under the proviso to sub-section (1) or the proviso to sub-section (4A)].</p>	
8.	<p>Section 75 of the Finance Act, 1994 is modified as follows:</p> <p>Interest on delayed payment of service tax is reduced to 15% and 24% in case of collection of any amount as service tax but failing to pay the amount so collected to the credit of the Central Government on or before the date on which such payment becomes due.</p>	Notification No. 13/2016-ST, dt. 01.03.2016
9.	<p>First Proviso section 75 [Interest on delayed payment of service tax] of the Finance Act, 1994 is modified as follows:</p> <p>In the case of a person who collects any amount as service tax but fails to pay the amount so collected to the credit of the Central Government, on or before the date on which such payment is due, the Central Government may, by notification in the Official Gazette, specify such other rate of interest, as it may deem necessary.</p>	Finance Act, 2016
10.	<p>Explanation to Section 78A [Penalty for offences by director, etc., of company] of the Finance Act, 1994 is inserted as follows:</p> <p>For the removal of doubts, it is hereby clarified that where any service tax has not been levied or paid or has been short-levied or short-paid or erroneously refunded, and the proceedings with respect to a notice issued under sub-section (1) of section 73 or the proviso to sub-section (1) of section 73 is concluded in accordance with the provisions of clause (i) of the first proviso to section 76 or clause (i) of the second proviso to section 78, as the case may be, the proceedings pending against any person under this section shall also be deemed to have been concluded."</p>	Finance Act, 2016
11.	<p>Section 89 [Offences and penalties] of the Finance Act, 1994 is modified as follows:</p> <p>(1) Whoever commits any of the following offences, namely :—</p> <p>(a) knowingly evades the payment of service tax under this Chapter; or</p> <p>(b) avails and utilises credit of taxes or duty without actual receipt of taxable service or excisable goods either fully or partially in violation of the rules made under the provisions of this Chapter; or</p> <p>(c) maintains false books of account or fails to supply any information which he is required to supply under this Chapter or the rules made thereunder or (unless with a reasonable belief, the burden of proving which shall be upon him, that the information supplied by him is true) supplies false information; or</p> <p>(d) collects any amount as service tax but fails to pay the amount so collected to the credit of the Central Government beyond a period of six months from the date on which such payment becomes due,</p> <p>shall be punishable,—</p> <p>(i) in the case of an offence specified in clauses (a), (b) or (c) where the amount exceeds two hundred lakh rupees, with imprisonment for a term which may extend to three years :</p> <p>Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for a term of less than six months;</p> <p>(ii) in the case of the offence specified in clause (d), where the amount exceeds two hundred lakh rupees, with imprisonment for a term</p>	Finance Act, 2016

	<p>which may extend to seven years :</p> <p>Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for a term of less than six months;</p> <p>(iii) in case of any other offences, with imprisonment for a term which may extend to one year.</p>	
12.	<p>Section 161 of the Finance Act, 2016 is inserted as follows:</p> <p>An enabling provision is being made to levy Krishi Kalyan Cess on all taxable services with effect from 1st June, 2016, to finance and promote initiatives to improve agriculture.</p>	Finance Act, 2016
13.	<p>Rule 5 of Point of Taxation Rules, 2011 is modified as follows:</p> <p>W.e.f. 01.03.2016, this rule shall apply mutatis mutandis in case of new levy on services.</p>	Point of Taxation (Amendment) Rules, 2016
14.	<p>Rule 7 of Point of Taxation Rules, 2011 is modified as follows:</p> <p>Determination of point of taxation in case of specified services or person:</p> <p>Notwithstanding anything contained in rules 3, 4, or 8, the point of taxation in respect of the persons required to pay tax as recipients of service under the rules made in this regard in respect of services notified under sub-section (2) of section 68 of the Act, shall be the date on which payment is made :</p> <p>Provided that, where the payment is not made within a period of three months of the date of invoice, the point of taxation shall be determined the date immediately following the said period of three months :</p> <p>Provided further that in case of "associated enterprises", where the person providing the service is located outside India, the point of taxation shall be the date of debit in the books of account of the person receiving the service or date of making the payment whichever is earlier.</p> <p>[w.e.f 30.03.2016] Provided also that where there is change in the liability or extent of liability of a person required to pay tax as recipient of service notified under sub-section (2) of section 68 of the Act, in case service has been provided and the invoice issued before the date of such change, but payment has not been made as on such date, the point of taxation shall be the date of issuance of invoice.</p> <p>[w.e.f. 13.04.2016] Provided also that in case of services provided by the Government or local authority to any business entity, the point of taxation shall be the earlier of the dates on which, -</p> <p>(a) any payment, part or full, in respect of such service becomes due, as specified in the invoice, bill, challan or any other document issued by the Government or local authority demanding such payment; or</p> <p>(b) payment for such services is made.</p>	Point of Taxation (Second Amendment) Rules, 2016 and Point of Taxation (Third Amendment) Rules, 2016
15.	<p>Rule 6(2)(iv) of Service Tax (Determination of Value) Rules, 2006 is modified as follows:</p> <p>The value of any taxable service does not include interest on delayed payment of any consideration for the provision of services or sale of property, whether moveable or immovable.</p> <p>[w.e.f. 13.04.2016] Provided that this clause shall not apply to any service provided by Government or a local authority to a business entity where payment for such service is allowed to be deferred on payment of interest or any other considerations.</p>	Service Tax (Determination of Value) Amendment Rules, 2016

16.	<p>Rule 2(1)(d)(i)(D) of Service Tax Rules, 1994 is modified as follows: “person liable for paying service tax”,- (i) in respect of the taxable services notified under sub-section (2) of section 68 of the Act, means,- (D) In relation to service provided or agreed to be provided by , - (I) an arbitral tribunal, or [w.e.f. 01.04.2016] (II) a firm of advocates or an individual advocate other than a senior advocate by way of legal services, to any business entity located in the taxable territory, the recipient of such service.</p>	Service Tax (Amendment) Rules, 2016
17.	<p>Rule 2(1)(d)(i)(E) of Service Tax Rules, 1994 is modified as follows: In relation to all services provided or agreed to be provided by Government or local authority except, - (a) renting of immovable property, and (b) services specified under sub-clauses (i), (ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994, to any business entity located in the taxable territory, the recipient of such service.</p>	Service Tax (Amendment) Rules, 2016
18.	<p>Rule 2(1)(d)(i)(EEA) of Service Tax Rules, 1994 is modified as follows: “person liable for paying service tax”,- (i) in respect of the taxable services notified under sub-section (2) of section 68 of the Act, means,- [w.e.f 01.04.2016] (EEA) in relation to service provided or agreed to be provided by a mutual fund agent or distributor to a mutual fund or asset management company, the recipient of service. Therefore, this service will not be considered under reverse charge mechanism.</p>	Service Tax (Amendment) Rules, 2016
19.	<p>Rule 2(d)(D)(I) of Service Tax Rules, 1994 and Notification No. 30/3012 is modified as follows: Services provided by an arbitral tribunal to (i) any person other than a business entity; or (ii) a business entity with a turnover up to rupees ten lakh in the preceding financial year, are exempt from services tax [Entry 6(a) of Notification No. 25/2012 – ST] The services provided or agreed to be provided by an arbitral tribunal to a business entity (turnover exceeding ₹ 10 lakh) located in the taxable territory, is taxable under reverse charge mechanism and recipient of service is liable to discharge service tax liability.</p>	Circular No. 193/3/2016 ST dt. 18.05.2016
20.	<p>First & third proviso to Rule 6(1) of Service Tax Rules, 1994 is modified as follows: [w.e.f. 01.04.2016] Where the assessee is a one person company whose aggregate value of taxable services provided from one or more premises is ₹ 50 lakhs or less in the previous financial year, or is an individual or proprietary firm or partnership firm or Hindu Undivided Family, the service tax shall be paid to the credit of the Central Government by the 6th/5th day of the month, immediately following the quarter in which service is deemed to be provided as per the rules framed in this regard. [w.e.f. 01.04.2016] In case of individuals, partnership firms and one person companies whose aggregate value of taxable services provided from one or more premises is ₹ 50 lakhs or less in the previous financial year, the</p>	Service Tax (Amendment) Rules, 2016

	service provider shall have the option to pay tax on taxable services up to a total of rupees fifty lakhs in the current financial year, by the dates specified in this sub-rule with respect to the month or quarter, as the case may be, in which payment is received.	
21.	<p>Rule 6(7A)(ia) of Service Tax Rules, 1994 is inserted as follows: An insurer carrying on life insurance business shall have the option to pay tax: (i) on the gross premium charged from a policy holder reduced by the amount allocated for investment, or savings on behalf of policy holder, if such amount is intimated to the policy holder at the time of providing of service.</p> <p>[w.e.f. 01.04.2016] (ia) in case of single premium annuity policies other than (i) above, 1.4% of the single premium charged from the policy holder.</p>	Service Tax (Amendment) Rules, 2016
22.	<p>Rule 6(7E) of Service Tax Rules, 1994 is inserted as follows: (7E) The person liable for paying the service tax under sub-rule (7), (7A), (7B) or (7C) of rule 6, shall have the option to pay such amount as determined by multiplying total service tax liability calculated under aforesaid sub-rules by effective rate of Krishi Kalyan Cess and dividing the product by rate of service tax during any calendar month or quarter, as the case may be, towards the discharge of his liability for Krishi Kalyan Cess instead of paying Krishi Kalyan Cess at the rate specified in sub-section (2) of section 161 of the Finance Act, 2016.</p> <p>The option under this sub-rule once exercised, shall apply uniformly in respect of such services and shall not be changed during a financial year under any circumstances. [w.e.f. 01.06.2016]</p>	Service Tax (Third Amendment) Rules, 2016
23.	<p>Rule 7(3A) and 7(3B) of Service Tax Rules, 1994 is inserted as follows: (3A) every assessee shall submit an annual return for the financial year to which the return relates, in such form and manner as may be specified in the notification in the Official Gazette by the Central Board of Excise and Customs, by the 30th day of November of the succeeding financial year; [w.e.f. 01.04.2016]</p> <p>(3B) The Central Government may, subject to such conditions or limitations, specify by notification an assessee or class of assesses who may not be required to submit the annual return referred to in sub-rule(3A). [w.e.f. 01.04.2016]</p>	Service Tax (Amendment) Rules, 2016
24.	<p>Rule 7(B) of Service Tax Rules, 1994 is modified as follows: (1) An assessee may submit a revised return, in Form ST-3, in triplicate, to correct a mistake or omission, within a period of ninety days from the date of submission of the return under rule 7.</p> <p>(2) An assessee who has filed the annual return referred to in sub-rule (3A) of rule 7 by the due date may submit a revised return within a period of one month from the date of submission of the said annual return.</p>	Service Tax (Amendment) Rules, 2016
25.	<p>Rule 7C(2) of Service Tax Rules, 1994 is inserted as follows: Where the annual return referred to in sub-rule (3A) of rule 7 is filed by the assessee after the due date, the assessee shall pay to the credit of the Central Government, an amount calculated at the rate of one hundred rupees per day for the period of delay in filing of such return, subject to a maximum of twenty thousand rupees. [w.e.f. 01.04.2016]</p>	Service Tax (Amendment) Rules, 2016
26.	Changes in Mega Exemption Notification No. 25/2012 ST, dt. 20.06.2012 as	Notification

<p>follows:</p> <p>(1) in entry 6, for clause (b) and clause (c) [w.e.f. 01.04.2016]: Services provided by — (b) a partnership firm of advocates or an individual as an advocate other than a senior advocate, by way of legal services to - (i) an advocate or partnership firm of advocates providing legal services; (ii) any person other than a business entity; or (iii) a business entity with a turnover up to rupees ten lakh in the preceding financial year; or (c) a senior advocate by way of legal services to a person other than a person ordinarily carrying out any activity relating to industry, commerce or any other business or profession.</p> <p>(2) Insertion of entry 9B, 9C & 9D after entry 9A: 9B. Services provided by the Indian Institutes of Management, as per the guidelines of the Central Government, to their students, by way of the following educational programmes, except Executive Development Programme, (a) two year full time residential Post Graduate Programmes in Management for the Post Graduate Diploma in Management, to which admissions are made on the basis of Common Admission Test (CAT), conducted by Indian Institute of Management; (b) fellow programme in Management; (c) five year integrated programme in Management [w.e.f. 01.03.2016]</p> <p>9C. Services of assessing bodies empanelled centrally by Directorate General of Training, Ministry of Skill Development and Entrepreneurship by way of assessments under Skill Development Initiative (SDI) Scheme; [w.e.f. 01.04.2016]</p> <p>9D. Services provided by training providers (Project implementation agencies) under Deen Dayal Upadhyaya Grameen Kaushalya Yojana under the Ministry of Rural Development by way of offering skill or vocational training courses certified by National Council For Vocational Training. [w.e.f. 01.04.2016]</p> <p>(3) Insertion of entry 12A after entry 12: 12A. Services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of- (a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession; (b) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment; or (c) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the Explanation 1 to clause (44) of section 65 B of the said Act;</p>	<p>No. 9/2016 ST, dt. 01.03.2016, Notification No. 22/2016 ST, dt. 13.04.2016</p>
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under a contract which had been entered into prior to the 1st March, 2015 and on which appropriate stamp duty, where applicable, had been paid prior to such date:

Provided that nothing contained in this entry shall apply on or after the 1st April, 2020. **[w.e.f. 01.03.2016]**

(4) In entry 13, after item (b), item (ba) & (bb) are inserted as follows:

Services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,-

(ba) a civil structure or any other original works pertaining to the 'In-situ rehabilitation of existing slum dwellers using land as a resource through private participation' under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana, only for existing slum dwellers. **[w.e.f. 01.03.2016]**

(bb) a civil structure or any other original works pertaining to the Beneficiary-led individual house construction / enhancement under the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana; **[w.e.f. 01.03.2016]**

(5) in entry 14, item (a) is modified as follows:

Services by way of construction, erection, commissioning, or installation of original works pertaining to,-

(a) railways, excluding monorail and metro;

Explanation - The services by way of construction, erection, commissioning or installation of original works pertaining to monorail or metro, where contracts were entered into before 1st March, 2016, on which appropriate stamp duty, was paid, shall remain exempt. **[w.e.f. 01.03.2016]**

(6) in entry 14, after item (c), item (ca) is inserted as follows:

Services by way of construction, erection, commissioning, or installation of original works pertaining to,-

(ca) low cost houses up to a carpet area of 60 square metres per house in a housing project approved by the competent authority under:

(i) the "Affordable Housing in Partnership" component of the Housing for All (Urban) Mission/Pradhan Mantri Awas Yojana;

(ii) any housing scheme of a State Government. **[w.e.f. 01.03.2016]**

(7) After entry 14, entry 14A is inserted as follows:

14A. Services by way of construction, erection, commissioning, or installation of original works pertaining to an airport or port provided under a contract which had been entered into prior to 1st March, 2015 and on which appropriate stamp duty, where applicable, had been paid prior to such date:

Provided that Ministry of Civil Aviation or the Ministry of Shipping in the Government of India, as the case may be, certifies that the contract had been entered into before the 1st March, 2015:

Provided further that nothing contained in this entry shall apply on or after the 1st April, 2020. **[w.e.f. 01.03.2016]**

(8) entry 16 is modified as follows:

Services by a performing artist in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre, if the consideration charged for such performance is not more than ₹ 1,50,000. **[w.e.f. 01.04.2016]**

(9) For entry 23, item (bb) is inserted and item (c) is omitted as follows:

Transport of passengers, with or without accompanied belongings, by – (bb) stage carriage other than air-conditioned stage carriage **[w.e.f. 01.06.2016]**

~~(c) ropeway, cable car or aerial tramway~~ **[w.e.f. 01.04.2016]**

(10) in entry 26, after clause (p), clause (q) is inserted as follows:

Services of general insurance business provided under following schemes -

(q) Niramaya“ Health Insurance Scheme implemented by Trust constituted under the provisions of the National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 (44 of 1999). **[w.e.f. 01.04.2016]**

(11) after entry 26B, entry 26C is inserted as follows:

26C. Services of life insurance business provided by way of annuity under the National Pension System regulated by Pension Fund Regulatory and Development Authority of India (PFRDA) under the Pension Fund Regulatory And Development Authority Act, 2013 (23 of 2013); **[w.e.f. 01.04.2016]**

(12) entry 39 is modified as follows:

Services by a Government, a local authority or governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution. **[w.e.f. 13.04.2016]**

(13) after entry 48, the entries 49-53 are inserted as follows:

49. Services provided by Employees “Provident Fund Organisation (EPFO) to persons governed under the Employees” Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952); **[w.e.f. 01.04.2016]**

50. Services provided by Insurance Regulatory and Development Authority of India (IRDA) to insurers under the Insurance Regulatory and Development Authority of India Act, 1999 (41 of 1999); **[w.e.f. 01.04.2016]**

51. Services provided by Securities and Exchange Board of India (SEBI) set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992) by way of protecting the interests of investors in securities and to promote the development of, and to regulate, the securities market; **[w.e.f. 01.04.2016]**

52. Services provided by National Centre for Cold Chain Development

under Ministry of Agriculture, Cooperation and Farmer's Welfare by way of cold chain knowledge dissemination. **[w.e.f. 01.04.2016]**

53. Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India. **[w.e.f. 01.06.2016]**

(14) after entry 53, the entries 54-63 are inserted as follows:

54. Services provided by Government or a local authority to another Government or local authority:

Provided that nothing contained in this entry shall apply to services specified in sub-clauses (i),(ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994; **[w.e.f. 13.04.2016]**

55. Services provided by Government or a local authority by way of issuance of passport, visa, driving licence, birth certificate or death certificate; **[w.e.f. 13.04.2016]**

56. Services provided by Government or a local authority where the gross amount charged for such services does not exceed ₹ 5000/- :

Provided that nothing contained in this entry shall apply to services specified in sub-clauses (i), (ii) and (iii) of clause (a) of section 66D of the Finance Act, 1994:

Provided further that in case where continuous supply of service, as defined in clause (c) of rule 2 of the Point of Taxation Rules, 2011, is provided by the Government or a local authority, the exemption shall apply only where the gross amount charged for such service does not exceed ₹ 5000/- in a financial year; **[w.e.f. 13.04.2016]**

57. Services provided by Government or a local authority by way of tolerating non-performance of a contract for which consideration in the form of fines or liquidated damages is payable to the Government or the local authority under such contract; **[w.e.f. 13.04.2016]**

58. Services provided by Government or a local authority by way of-
(a) registration required under any law for the time being in force;
(b) testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, required under any law for the time being in force; **[w.e.f. 13.04.2016]**

59. Services provided by Government or a local authority by way of assignment of right to use natural resources to an individual farmer for the purposes of agriculture; **[w.e.f. 13.04.2016]**

60. Services by Government, a local authority or a governmental authority by way of any activity in relation to any function entrusted to a Panchayat under article 243G of the Constitution; **[w.e.f. 13.04.2016]**

61. Services provided by Government or a local authority by way of assignment of right to use any natural resource where such right to use was assigned by the Government or the local authority before the 1st April, 2016:

Provided that the exemption shall apply only to service tax payable on one time charge payable, in full upfront or in installments, for assignment of right to use such natural resource; **[w.e.f. 13.04.2016]**

62. Services provided by Government or a local authority by way of allowing a business entity to operate as a telecom service provider or use radiofrequency spectrum during the financial year 2015-16 on payment of licence fee or spectrum user charges, as the case may be; **[w.e.f. 13.04.2016]**

63. Services provided by Government by way of deputing officers after office hours or on holidays for inspection or container stuffing or such other duties in relation to import export cargo on payment of Merchant Overtime charges (MOT). **[w.e.f. 13.04.2016]**

(15) Clause (ba) is inserted after clause (b) under Definition part of Mega Exemption as follows:

“approved vocational education course” means, -

(i) a course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961 (52 of 1961); or

(ii) a Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship; **[w.e.f. 14.05.2016]**

(16) Clause (oa) is modified under Definition part of Mega Exemption as follows:

“educational institution” means an institution providing services by way of:

(i) pre-school education and education up to higher secondary school or equivalent;

(ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;

(iii) education as a part of an approved vocational education course; **[w.e.f. 14.05.2016]**

(17) Clause (zdd) is inserted after clause (zd) under Definition part of Mega Exemption as follows:

“Senior advocate” has the meaning assigned to it in section 16 of the Advocates Act, 1961 (25 of 1961).

27.	Serial No. 2, 2A, 3, 7, 7A, 8, 9A, 10, 11, 12, Explanation BA and clause (b) under paragraph 2 are modified/ inserted/ omitted as follows:			Notification No. 8/2016-Service Tax, dt. 01.03.2016	
	Sl No	Description of taxable service	%		Conditions
	2.	Transport of goods by rail (other than service specified at Sl. No. 2A below)	30		CENVAT credit on inputs and capital goods, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
	2A	Transport of goods in containers by rail by any person other than Indian Railways	40		CENVAT credit on inputs and capital goods, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
	3	Transport of passengers, with or without accompanied belongings by rail	30		CENVAT credit on inputs and capital goods, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
	5A	<p>"Low rate of tax on passenger travel by air from/to Regional Connectivity Scheme Airport"</p> <p>vide Notification 38/2016-ST dt. 30th Aug 2016</p> <p>has increased the rate of abatement from 60% to 90% for the transportation of passengers by air, embarking from or terminating in a Regional Connectivity Scheme Airport, subject to the condition that no CENVAT credit of inputs and capital goods as well as no CENVAT credit of input services</p>	90		Subject to the condition that no CENVAT credit of inputs and capital goods as well as no CENVAT credit of input services
	7	Services of goods transport agency in relation to transportation of goods other than used household goods.	30		CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
	7A	Services of goods transport agency in relation to transportation of used household goods.	40		CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken by the service provider under the provisions of the CENVAT Credit Rules, 2004.
	8	Services provided by a foreman of chit fund in relation to chit	70		CENVAT credit on inputs, capital goods and input services, used for providing the taxable service has not been taken under the provisions of the CENVAT Credit Rules, 2004.

9A	Transport of passengers, with or without accompanied belongings, by — (a) a contract carriage other than motor cab (b) a radio taxi (c) a stage carriage	40	CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
10	Transport of goods in a vessel	30	CENVAT credit on inputs and capital goods, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
11	Services by a tour operator in relation to,- (i) a tour, only for the purpose of arranging or booking accommodation for any person	10	(i) CENVAT credit on inputs, capital goods and input services other than input services of a tour operator, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004. (ii) The invoice, bill or challan issued indicates that it is towards the charges for such accommodation. (iii) This exemption shall not apply in such cases where the invoice, bill or challan issued by the tour operator, in relation to a tour, includes only the service charges for arranging or booking accommodation for any person but does not include the cost of such accommodation
	(ii) tours other than (i) above	30	(i) CENVAT credit on inputs, capital goods and input services other than input services of a tour operator, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004. (ii) The bill issued for this purpose indicates that it is inclusive of charges for such a tour and the amount charged in the bill is the gross amount charged for such a tour."
12	Construction of a complex, building, civil structure or a part thereof, intended for a sale to a buyer, wholly or partly except where entire consideration is received after issuance of completion certificate by the competent authority	30	(i) CENVAT credit on inputs used for providing the taxable service has not been taken under the provisions of the CENVAT Credit Rules, 2004. (ii) The value of land is included in the amount charged from the service receiver.

Explanation BA is inserted as follows:

For the purposes of exemption at Serial number 9, the amount charged shall be the sum total of the amount charged for the service including the fair market value of all goods (including fuel) and services supplied by the recipient(s) in or in relation to the service, whether or not supplied under

	<p>the same contract or any other contract:</p> <p>Provided that the fair market value of goods and services so supplied may be determined in accordance with the generally accepted accounting principles.</p> <p>clause (b) under paragraph 2 is omitted as follows: "package tour" means a tour wherein transportation, accommodation for stay, food, tourist guide, entry to monuments and other similar services in relation to tour are provided by the tour operator as part of the package tour to the person undertaking the tour.</p>	
28.	<p>Exemption from payment of service tax for Service provided by government to Small Business Entities is not applicable to following services:</p> <ol style="list-style-type: none"> 1. service provided by Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than Government; 2. services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; 3. transport of goods or passengers; 4. Services by way of renting of immovable property. 	<p>Notification No. 26/2016 ST dated 20th May 2016</p>
29.	<p>Krishi Kalyan Cess is also applicable in case of tax is payable under Reverse Charge mechanism.</p>	<p>Notification No. 27/2016-ST, Dated 26th May 2016</p>
30.	<p>Following amendments are made w.r.t. Krishi Kalyan Cess:</p> <ul style="list-style-type: none"> • Krishi Kalyan Cess is to be calculated on abated value of services as specified under Notification No. 26/2012 dated 20th June 2012-ST. • Exemption as available to services from payment of Service Tax is also applicable to Krishi Kalyan Cess. • Valuation Rules as applicable for calculation of Service Tax is also applicable to Krishi Kalyan Cess. 	<p>Notification No. 28/2016-ST, dated 26th May 2016</p>
31.	<p>Rebate of Krishi Kalyan Cess paid on input services used for export of service as per Notification No. 39/2012 dated 20th June 2012 ST can be claimed.</p>	<p>Notification No. 29/2015-ST, dated 26th May 2016</p>
32.	<p>Refund of Krishi Kalyan Cess paid is available for services provided to SEZ as applicable to Service Tax & Swachh Bharat Cess.</p>	<p>Notification No. 30/2015-ST, dated 26th May 2016</p>

33.	<p>Following services by Senior Advocate are exempted from service tax,</p> <ul style="list-style-type: none"> • By way of legal services to any person other than a business entity; • Or to a business entity with a turnover up to rupees ten lakh in the preceding financial year. 	Notification No. 32/2016 ST dated 6th June 2016												
34.	In case of services provided by Senior Advocate to business entity, the recipient/litigant is required to pay 100% Service Tax under reverse charge mechanism.	Notification No. 33/2016 ST dated 6th June 2016 and 34/2016 ST dated 6th June 2016												
35.	It has been clarified that exemption is available to any activity carried out for Government, Local Authority or Governmental Authority related to Water Supply.	Circular No. 199/09/2016-Service Tax dated 22nd August 2016												
36.	Abatement has been provided to the services of transportation of passenger under the operations of Regional Connectivity Scheme Airport as notified by the Ministry of Civil Aviation.	Notification No. 38/2016 ST dated 30th August 2016												
37.	Exemption on Service provided by way of renting of religious place meant for general public: - exemption provided earlier is now restricted to only service provider who is a registered entity under Income Tax Act as Trust/Charitable Trust/Religious Trust.	Notification No. 40/2016 ST dated 6th September 2016												
38.	Clarification has been issued w.r.t the exemption on the Services by way of renting of religious place meant for general public: - "Precinct" has been defined and it is also has been clarified the word precinct has to be given broader meaning & not narrow meaning.	Circular No. 200/10/2016-Service Tax dated 6th September 2016												
39.	<p>Adjudication powers notified under Service Tax have been revised as below:</p> <table border="1" data-bbox="264 1367 1206 1892"> <thead> <tr> <th data-bbox="264 1367 407 1528">Sr. No.</th> <th data-bbox="407 1367 784 1528">Rank of Central Excise Officer</th> <th data-bbox="784 1367 1206 1528">Amount of service tax or CENVAT credit specified in a notice for the purpose of adjudication under Section 83A</th> </tr> </thead> <tbody> <tr> <td data-bbox="264 1528 407 1730">1.</td> <td data-bbox="407 1528 784 1730">Superintendent</td> <td data-bbox="784 1528 1206 1730">Not exceeding ₹ 10 Lakhs (excluding the cases relating to taxability of services or valuation of services and cases involving extended period of limitation.)</td> </tr> <tr> <td data-bbox="264 1730 407 1862">2.</td> <td data-bbox="407 1730 784 1862">Assistant or Deputy Commissioner</td> <td data-bbox="784 1730 1206 1862">Not exceeding ₹ Fifty lakhs (except cases where Superintendents are empowered to adjudicate.)</td> </tr> <tr> <td data-bbox="264 1862 407 1892">3.</td> <td data-bbox="407 1862 784 1892">Joint Commissioner or</td> <td data-bbox="784 1862 1206 1892">Above ₹ 50 Lakhs but not</td> </tr> </tbody> </table>	Sr. No.	Rank of Central Excise Officer	Amount of service tax or CENVAT credit specified in a notice for the purpose of adjudication under Section 83A	1.	Superintendent	Not exceeding ₹ 10 Lakhs (excluding the cases relating to taxability of services or valuation of services and cases involving extended period of limitation.)	2.	Assistant or Deputy Commissioner	Not exceeding ₹ Fifty lakhs (except cases where Superintendents are empowered to adjudicate.)	3.	Joint Commissioner or	Above ₹ 50 Lakhs but not	Notification No. 44/2016 ST dated 28th September 2016
Sr. No.	Rank of Central Excise Officer	Amount of service tax or CENVAT credit specified in a notice for the purpose of adjudication under Section 83A												
1.	Superintendent	Not exceeding ₹ 10 Lakhs (excluding the cases relating to taxability of services or valuation of services and cases involving extended period of limitation.)												
2.	Assistant or Deputy Commissioner	Not exceeding ₹ Fifty lakhs (except cases where Superintendents are empowered to adjudicate.)												
3.	Joint Commissioner or	Above ₹ 50 Lakhs but not												

		Additional Commissioner	exceeding ₹ Two Crores	
	4.	Commissioner	Without any limit	
40.	Guidelines for arrest in relation to offences punishable under the Finance Act, 1994 and Central Excise 1944 have been issued :-it is clarified that the power of arrest in Service Tax is available only if a person collects any amount as service tax but fails to pay the amount so collected to the credit of the Central Government beyond the period of six months from the date on which such payment becomes due and the amount exceeds rupees two crores.			Circular No. 201/10/2016 - Service Tax dated 30th September 2016
41.	<p>Following services provided by government are now exempted from payment of Service Tax:</p> <ul style="list-style-type: none"> • Services provided by Government or a local authority to another Government or local authority, excluding the services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than Government; services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; services of transport of goods and passengers. • Services provided by Government or a local authority by way of issuance of passport, visa, driving license, birth certificate or death certificate; • Services provided by Government or a local authority where the gross amount charged for such services does not exceed ₹ 5000/-, this exemption does not apply to the services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than Government; services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport services of transport of goods and passengers. • Provided in case of continuous service gross amount of such service should not be exceeding ₹ 5000 for Financial Year. • Service in the nature of tolerance of nonperformance of contract, where the consideration is in the form of fines or liquidated damages. • Services provided by government by way of registration under any law. • Testing, calibration, safety check or certification relating to protection or safety of workers, consumers or public at large, required under any law. • Service by way of assigning the right to use of natural resources to individual farmer. • Services provided by Panchyat, which are the activities required to be performed by Panchyat such as for Poverty alleviation, Education, Technical training and vocational education, Health and sanitation, Family welfare, Social welfare, including welfare of the handicapped and mentally retarded, Public distribution system. • Service provided by government or local authority by way of assigning the right to use of natural resources, where upfront payment is make before 1st April 2016. • Service provide by government or a local authority by way of allowing a business entity to operate as a telecom service provider 			Notification No. 22/2016 ST dated 13th April 2016

	<p>or use radio frequency spectrum during the financial year 2015-16 on payment of licence fee or spectrum user charges, as the case may be.</p> <ul style="list-style-type: none"> Services provided by Government by way of deputing officers who is receiving Merchant Overtime charges (MOT) for working overtime. 									
42.	Point of taxation for service provided by government will be date earliest of the date on which such payment becomes due or date on which such payment is made.	Notification No. 24/2016 ST dated 13th April 2016]								
43.	<p>Major changes have been introduced with respect to Service provided by way of "online information and database access or retrieval services in line with the changes as proposed in GST Law.</p> <ul style="list-style-type: none"> Definition has been introduced which includes electronic services; it is more self-explanatory and inclusive one. Place of provision of service in case of "online information and database access or retrieval services" is no longer covered under Rule 9 of Place of Provision of Service Rules, 2012. Also the same is not covered under Rule 3 of the said Rules. "non-assessee online recipient" has been defined as Government, a local authority, a governmental authority or an individual receiving online information and database access or retrieval services in relation to any purpose other than commerce, industry or any other business or profession, located in taxable territory. Further if a person does not have registration, then he shall be deemed to be anon-assessee online recipient. In case of "online information and database access or retrieval services" are provided from non-taxable territory, person liable to pay tax is as below: <table border="1" data-bbox="261 1136 1230 1526"> <thead> <tr> <th>Service Provider</th> <th>Service Receiver</th> <th>Liability to pay tax</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>Service Provider in Non-Taxable territory</td> <td>Recipient in Taxable territory (other than non assessee online recipient)</td> <td>Service Recipient</td> <td>Person receiving such services shall be deemed to be located in the taxable territory subject to satisfaction of any of the 2 of the conditions specified</td> </tr> </tbody> </table>	Service Provider	Service Receiver	Liability to pay tax	Remarks	Service Provider in Non-Taxable territory	Recipient in Taxable territory (other than non assessee online recipient)	Service Recipient	Person receiving such services shall be deemed to be located in the taxable territory subject to satisfaction of any of the 2 of the conditions specified	<p>Notification No. 46/2016 ST dated 9th November 2016, Notification No. 47/2016 ST dated 9th November 2016, Notification No. 48/2016 ST dated 9th November 2016, Notification No. 49/2016 ST dated 9th November 2016 and Notification No. 51/2016 ST dated 30th November 2016</p>
Service Provider	Service Receiver	Liability to pay tax	Remarks							
Service Provider in Non-Taxable territory	Recipient in Taxable territory (other than non assessee online recipient)	Service Recipient	Person receiving such services shall be deemed to be located in the taxable territory subject to satisfaction of any of the 2 of the conditions specified							

Service Provider in Non-Taxable territory	Non-assessee online recipient	Service provider in non-taxable territory / Person appointed in the taxable territory for the purpose of paying service tax by the service provider if there is no physical presence in the taxable territory	Online information and database access or retrieval services provided by any person located in a non-taxable territory to a non-assessee online recipient, an intermediary in non-taxable territory (including an electronic platform, a broker, an agent or any other person who arranges or facilitates provision of such service but does not provide the main service on his account) shall be deemed to be receiving such services from the service provider in non-taxable territory and providing such services to the non-assessee online recipient except when such intermediary satisfies specified conditions.	
<ul style="list-style-type: none"> • Application for registration needs to be done in form ST-1A within a period of 30 days from the date on which the service tax under section 66B of the Act is levied or the person located in nontaxable territory has commenced supply of taxable services in the taxable territory in India. • Registration will be granted in Form ST-2A • Return needs to be filed in Form ST-3C in respect of services provided by any person located in a non-taxable territory and received by any person located in the taxable territory • Exemption as applicable to online information and database access or retrieval services provided by person in non-taxable territory to Government, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession is withdrawn. 				

	<ul style="list-style-type: none"> • Definition of Telecommunication Services has been changed so as to exclude the online information and database access or retrieval. 	
Central Sales Tax		
1.	<p>Explanation 3 to section 3 of the Central Sales Tax Act, 1956: Where the gas sold or purchased and transported through a common carrier pipeline or any other common transport or distribution system becomes co-mingled and fungible with other gas in the pipeline or system and such gas is introduced into the pipeline or system in one State and is taken out from the pipeline in another State, such sale or purchase of gas shall be deemed to be a movement of goods from one State to another (deemed to be inter-state sale)</p>	Effective from 14.05.2016