

SIGNIFICANT NOTIFICATIONS / CIRCULARS ISSUED DURING THE PERIOD 16TH APRIL, 2013 TO 15TH MAY, 2013

A. SERVICE TAX

1. Exemption of service tax on services provided against duty credit scrips issued to an exporter

CBEC has exempted the taxable services provided or agreed to be provided against the following scrips issued to an exporter by a person located in the taxable territory:

- a) Focus Market Scheme duty credit scrip
- b) Focus Product Scheme duty credit scrip
- c) Vishesh Krishi and Gram Udyog Yojana (SAVIS) duty credit scrip

The above exemption is subject to certain terms and conditions mentioned in the notification.

[Notification No. 06-08/2013 – ST dated 18.04.2013]

2. Due date for filing ST-3 Return for the period Oct'12-Mar '13 extended till 31st Aug, 2013

Due date for filing of service tax returns in Form ST-3 for the period 1st Oct, 2012 to 31st March 2013 has been extended from 25th April, 2013 to **31st Aug, 2013**.

The return utility for this period is expected to be made available on ACES in July, 2013; the exact date of the availability will be announced later.

[Order No. 03/2013 ST dated 23.04.2013]

3. Amendment in service tax on construction services

CBEC has amended *Notification No. 26/2012- ST dated 20.06.2012* with a view to remove the ambiguity prevailing on the rate of abatement of service tax on construction of residential unit.

Notification No. 09/2013- ST dated 08.05.2013 has amended the rate of abatement in the case of construction of a complex, building, civil structure or a part thereof in the following manner:

- (i) Service tax has to be paid on 25% value of a residential unit if the following two conditions are fulfilled cumulatively:
 - a) The carpet area of the unit is less than 2000 square feet; and
 - b) The amount charged for the unit is less than Rs.1 crore;
- (ii) In other cases, service tax will be paid on 30% of the value of a complex, building and civil structure.

The above abatement is subject to certain terms and conditions mentioned in the notification.

[Notification No. 09/2013 ST dated 08.05.2013]

4. CBEC notifies Service Tax Voluntary Compliance Encouragement Rules, 2013

Service Tax Voluntary Compliance Encouragement Rules, 2013 have been notified vide *Notification No. 10/2013 dated 13th May, 2013* to provide that:

- (i) In case the person making the declaration under the scheme is not registered [Rule 4 of Service Tax Rules, 1994 (STR)], then he would require to get himself registered before making the declaration.
- (ii) The declaration shall be made in Form VCES-1 and on receipt of declaration the designated authority will issue an acknowledgment in Form VCES-2 within a period of 7 working days.
- (iii) CENVAT credit is not permitted to be utilised for the payment of tax dues.
- (iv) Designated authority will issue an acknowledgement of discharge in Form VCES-3 within a period of 7 working days from the date of receipt of details of payment of tax dues in full by the declarant.

Further, CBEC vide *Circular No.169/4/2013-ST dated 13th May, 2013* has clarified that :

- (i) Besides interest and penalty, immunity would be available from payment of late fee/ penalty for non-registration or non / delay filing of return etc.
- (ii) Tax dues could be declared under the scheme, which are not covered by any notice or order of determination issued under section 72, 73 or 73A of Finance Act, 1994.
- (iii) The provision of section 106(2)(a)(iii) shall be attracted only in such cases where accounts, documents or other evidences are requisitioned by the authorised officer from the declarant under section 14, 72 or 83 of the Act or Rule 5A of the Service Tax Rules, 1994 and the inquiry so initiated against the declarant is pending as on 01.03.2013. No other communication would attract the provisions of section 106(2)(a)(iii) and lead to rejection of declaration.

[*Notification No. 10/2013 ST dated 13.05.2013 and Circular No.169/4/2013-ST dated 13.05.2013*]

B. CUSTOMS

1. 'Tablet Computers' Vs 'Smart Phone' – Classification issue

CBEC vide *Circular No. 20/2013-Cus dated 14th May 2013* has clarified that tablet computer is an automatic data processing machine (ADP) and other functionalities of the said machine are the auxiliary functions that could be seen on any computer, such as desktop or laptop computers. The tablet computers are not intended to be a substitute for a mobile phone to make voice calls, but, according to its main technical features is designed as a substitute for laptops. The difference between a "Smartphone" and a "Tablet Computer", is not based on whether the product has a voice calling function or not, but on the principal features that a producer has intended for the device when designing and developing it.

In view of the above, it has been clarified that "Tablet Computers" are more appropriately classifiable in heading 8471 (automatic data processing machine) and not under heading relating to the "pocket-size" machines of heading 8470.

[*Circular No.20/2013-Cus dated 14.05.2013*]

The text of the above notification/circulars is available at www.cbec.gov.in