

SIGNIFICANT NOTIFICATIONS / CIRCULARS ISSUED DURING THE PERIOD 16TH DECEMBER, 2011 TO 15TH JANUARY, 2012

A. SERVICE TAX

1. **Exemption to transport of goods by the Government railways extended till March, 2012 - Notification No. 49-51/2011 - ST dated 30.12.2011:** Service tax levy on transport of goods by the Government railways and transport of goods by rail otherwise than in containers has been further postponed by three months. Now the levy would be applicable from April, 2012 instead of January, 2012 which was proposed earlier. Consequently, exemption for transport of notified goods like defence military equipments, railways equipment /materials, postal mail bags by rail and abatement of 70% of the gross amount charged for transport of goods by the Government railways and transport of goods by rail otherwise than in containers would also be effective from April, 2012.

2. **Refund of service tax to exporters through the Indian Customs EDI System (ICES) - Schedule of Rates and application form for claiming the refund notified - Notification No. 52/2011 - ST dated 30.12.2011:** A simplified scheme for electronic refunds of service tax to exporters has been introduced by the CBEC vide Circular No. 149/18/2011-ST dated 16.12.2011 on the lines of duty drawback. In the new scheme, exporters will have to either opt for electronic refund through ICES system, which is based on the 'schedule of rates' or go for refund on the basis of documents, by approaching the Central Excise/Service Tax formations.

Notification No. 52/2011 ST dated 30.12.2011 has been issued to provide for the conditions and the procedure of granting such refund. The Notification also sets out the 'Schedule of Rates' for goods of a class or description. An exporter will calculate the refund of service tax paid on the specified services by applying the rate specified for the goods exported by him, in the Schedule, as a percentage of the FOB value of the said goods.

3. **Last date for filing of service tax returns extended to January 20, 2012 - Order No. 3 /2011& 1 /2012 - ST F. No. 137/99/2011 – ST dated 29.12.2011 & 9.01.2012 :** Central Board of Excise and Customs has extended the last date of submission of half yearly return for the period April 2011 to September 2011 from 26th December, 2011 to 20th January, 2012.
4. **Refund of service tax to exporters through the Indian Customs EDI System (ICES) - Circular No. 149/18/2011 -ST dated 16.12.2011:** Service Tax Refund (STR) was made available to exporters (other than SEZ Units/Developers) on specified services used for export of goods covered in *Notification 17/2009-ST dated 07.07.2009* (as amended) subject to certain conditions.

Now, the Government has introduced a simplified scheme for electronic refunds of service tax to exporters vide Circular No. 149/18/2011-ST dated 16.12.2011 on the lines of duty drawback. In the new scheme, exporters will have to either opt for electronic refund through ICES system, which is based on the 'schedule of rates' or go for refund on the basis of documents, by approaching the Central Excise/Service Tax formations.

To obtain benefit under the new electronic STR scheme, which is based on the 'schedule of rates', an exporter should:

- (a) have a bank account and also a central excise registration or service tax code number and the same should be registered with Customs ICES 1.5 using 'Annexure –A' Form;
- (b) declare his option to avail STR on the electronic shipping bill while presenting the same to the proper officer of Customs. In the 'schedule of rates', to be notified shortly, rates are specified for goods of a class or description.

- (c) express his option by mentioning in the shipping bill, chapter/sub-heading number, as applicable to the export goods declared in the shipping bill. This chapter/sub-heading number should tally with RITC code mentioned in the Shipping Bill against the export goods.

Eligible refund amount of service tax paid on the specified services used for export of goods declared in the shipping bill will be calculated electronically by the ICES system, by applying the rate specified in the schedule against the said goods, as a percentage of the FOB value. Minimum STR will be Rupees Fifty for an electronic shipping bill.

Exporters who opt for claiming STR on the basis of documents, through the Central Excise/Service Tax field formations should declare chapter/subheading number as 9801 in the electronic Shipping Bill.

B. CUSTOMS

- 1. Refund of 4% CVD under Notification No. 102/2007-Cus dated 14.09.2001 - Cost Accountant authorize to issue the Certificate for the purpose of refund - Circular No. 01/2012 Cus. dated 05.01.2012: Circular No. 18/2010-Cus dated 08.07.2010** provides a simplified procedure for sanction of refund of 4% SAD in case of ACP importers. Para 4.1 (d) of the Circular provides that the amount of 4% CVD refund shall be sanctioned in full, on preliminary scrutiny of the documents and certificate of statutory auditor/Chartered Accountant, for correlating the payment of ST/VAT on the imported goods with the invoices of sale and also to the effect that the burden of 4% CVD has not been passed on by the importer to the buyer. However, as per Para 6 of the said Circular only Chartered Accountant can issue a certificate that incidence of burden of 4% CVD has not been passed on by the importer to the buyer.

The *Circular* disentitles the Cost Accountants in regard to issue of requisite certificate though they may be statutory auditors of the importer. Several States currently recognize Cost Accountants for purpose of VAT audit and it would be a hardship to trade already using statutory auditors/Cost Accountants to get the required certificate from Chartered Accountants. Therefore, as a measure to facilitate the trade, CBEC has amended *Circular No.18/2010 Cus dated 08.07.2010* so as to authorize Statutory Auditors/ Cost Accountants/ Chartered Accountants to issue a certificate, certifying that burden of 4% CVD has not been passed on by the importers to any other person.

The complete text of the above-mentioned notifications and circulars can be downloaded from the following link : www.cbec.gov.in