

SIGNIFICANT NOTIFICATIONS / CIRCULARS ISSUED DURING THE PERIOD 16TH DECEMBER, 2012 TO 15TH JANUARY, 2013

A. SERVICE TAX

1. Janashree Bima Yojana & Aam Aadmi Bima Yojana exempt from service tax

Life insurance services provided under Janashree Bima Yojana (JBY) and Aam Aadmi Bima Yojana (AABY) schemes have been exempted from service tax. Entry No. 26A has been inserted in *Notification No. 25/2012-ST dated 20.06.2012* to give effect to this amendment.

[Notification No. 49/2012-ST dated 24.12.2012]

2. Reminder notices to pay renewal premiums not chargeable to service tax - CBEC clarifies

The point of taxation generally is the date of issuance of the invoice or receipt of payment, whichever is earlier. CBEC, therefore, has clarified that the reminder notices issued by the life insurance companies to policyholders to pay renewal premium, not being invoices issued in terms of Rule 4A of Service Tax Rules, 1994, will not be exigible to service tax.

[Circular No. 166/1/2013 ST dated 01.01.2013]

3. Transportation of milk by rail or vessel not chargeable to service tax - CBEC clarifies

CBEC has clarified that expression "food stuff" mentioned at serial no. (20)(i) in *Notification No.25/2012-ST dated 20.06.2012* includes milk. Therefore, service by way of transportation of milk by rail or a vessel from one place in India to another, is exempt from service tax in pursuance of above notification.

[Circular No. 167/2/2013 ST dated 01.01.2013]

4. Recovery procedure against confirmed demand orders – CBEC amends the existing procedures

CBEC has amended the procedure of initiation of recovery proceedings against a confirmed demand in the following manner:

1. Where NO appeal is filed with Commissioner (Appeals)/ CESTAT	Recovery to be initiated after the expiry of statutory period for filing appeal i.e. 60 days / 90 days.
2. Where an appeal is filed with Commissioner (Appeals)/ CESTAT, WITHOUT a stay application	Recovery to be initiated after filing of such appeal, without waiting for the statutory period of filling an appeal to be exhausted.
3. Where an appeal is filed WITH a stay application with Commissioner (Appeals)/ CESTAT	Recovery to be initiated 30 days after the filing of appeal, if no stay is granted, otherwise as per the conditions of the stay order.
4 (i) Where Commissioners (Appeals) confirms demand in the order in original or (ii) Tribunal or High Court confirms the demand, with no stay in operation.	Recovery proceedings will be initiated IMMEDIATELY.

These guidelines have been issued on the basis of the decision of Hon'ble Supreme Court in the case of Collector of Customs, Bombay Vs Krishna Sales (P) Ltd [1994 (73) E.L.T 519 (S.C)]

Consequential amendments have been made on the above subject in CBEC's Excise Manual of Supplementary Instructions and the related circulars issued on the above subject have been rescinded.

Note: It may be noted that recently, Andhra Pradesh High Court has granted an interim stay against this Circular in the WPMP No. 873 of 2013 in WP No. 730 of 2013 on 09.01.2013.

[Circular No. 967/01/2013 CX dated 01.01.2013]

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