

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

A. SERVICE TAX

1. **Gross amount does not include value of free-of-cost supplies of goods and services in or in relation to the execution of Works Contract if execution of works contract has commenced or any payment has been on or before the 7th day of July, 2009 :** *Circular No. 150/1/2012-ST dated 08.02.2012* has been issued to clarify that in cases where execution of works contract has commenced or where any payment, except payment through credit or debit to any account, has been made towards a works contract, prior to 07/07/2009, meaning of the expression 'gross amount' appearing in Explanation to rule 3(1) of the Works Contract (Composition Scheme for Payment of Service Tax) Rules, 2007 shall not be applicable.
2. **Clarification regarding service tax on construction services:** *Circular No. 151 /2 /2012-ST dated 10.02.2012* has been issued by the CBEC to clarify various significant issues pertaining to levy and collection of service tax on construction services. The issues have been clarified under the following business models:
 - i. Tripartite Business Model
 - ii. Redevelopment including slum rehabilitation projects
 - iii. Investment model
 - iv. Conversion Model
 - v. Non requirement of completion certificate / where completion certificate is waived or not prescribed
 - vi. Build- Operate - Transfer (BOT) Projects
 - vii. Joint Development Agreement Model

B. CENTRAL EXCISE

1. Rule 12 of the CENVAT Credit Rules, 2004 provides that CENVAT credit on specified inputs or capital goods cleared from the factories located in specified areas of North East region, Kutch district of Gujarat, State of Jammu and Kashmir and State of Sikkim shall be admissible as if the duty paid on such inputs or capital goods is not exempted.

Notification No. 01/2012-Central Excise (N.T.) dated 09.02.2012 has amended the said rule to provide that in the aforesaid case, credit of duty paid on inputs or capital goods, on which the benefit of an exemption under Notification No. 1/2011-C.E. dated the 1st March, 2011 is availed, will not be allowed.

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