

**SIGNIFICANT NOTIFICATIONS / CIRCULARS ISSUED DURING THE PERIOD  
16<sup>TH</sup> Jan, 2014 TO 15<sup>TH</sup> Feb, 2014**

**A. SERVICE TAX**

**1. Definition of 'Governmental Authority' expanded**

*Notification No. 02/2014 - ST., Dated: January 30, 2014* amends the definition of **'Governmental Authority'** as 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 Government, with 90% or more participation by way of equity or control,

to carry out any function entrusted to a municipality under article 243W of the Constitution.

This amendment has expanded the scope of previous definition of Governmental Authority, under Mega Exemption Notification No. 25/2012 dated 20.06.2012, which defined it as an authority or a board or any other body, set up by an Act of Parliament or a State Legislature **and** established with 90% or more participation by way of equity or control by Government. Post amendment only one of the two above-mentioned conditions needs to be satisfied in order to qualify as Governmental Authority.

*[Notification No. 02/2014 - ST., Dated: January 30, 2014]*

**2. No Service Tax required to be paid on Services provided by an Authorized Person or Sub-Brokers to Member of Commodity Exchange on which no tax was levied during 10.09.2004 to 30.06.29012**

*Notification 03/2014-ST dated February 3, 2014* provides that **no** Service Tax is required to be paid on services provided by an authorized person or sub-brokers to the member of a recognised/ registered association, in relation to a forward contract, during the period commencing from the 10th day of September 2004 and ending with the 30th day of June, 2012 on which Service Tax was not being levied in accordance with the prevalent practice. The notification has been issued in exercise of the powers under section 11C of the Central Excise Act, 1944 (1 of 1944), read with section 83 of the Finance Act.

*[Notification No. 03/2014 - ST., Dated: February 3, 2014]*

**3. Clarification regarding availment of CENVAT credit of tax dues paid under Voluntary Compliance Encouragement Scheme, 2013 and Issue of Discharge Certificate**

*Circular No. 176/2/2014-ST., Dated: January 20, 2014* clarifies that CENVAT credit shall only be available after payment of entire service tax dues with interest, if any, and obtaining discharge certificate in form VCES 3 since the declaration made under the Scheme becomes conclusive only on issuance of acknowledgement of discharge certificate under Section 107(7) of the Finance Act, 2013.

Further, the Circular also directs the Chief Commissioners to issue Form VCES 3 within stipulated period of seven working days from the date of furnishing the details of payment of tax dues along with interest (if any) by the declarant as provided under Rule 7 of the VCES Rules.

*[Circular No. 176/2/2014-ST., Dated: January 20, 2014]*

## **B. CUSTOMS**

### **1) Form I of Custom Baggage Declaration Regulations, 2013 amended**

*Notification No. 10/2014-Customs (N.T.), Dated: February 10, 2014* amends the Customs Baggage Declaration Regulations, 2013 as follows:

- i) These regulations may be called the Customs Baggage Declaration (Amendment) Regulations, 2014.
- ii) In Form I – Indian Customs Declaration Form, the words ‘Number of Baggage’ would be substituted by "Number of Baggages (including hand baggages)"
- iii) In Form I – Indian Customs Declaration Form, the limit of Indian Currency allowed to be carried is enhanced from Rs. 7500 to Rs. 10000.

*[Notification No. 10/2014-Customs (N.T.), Dated: February 10, 2014]*

### **2) Duty Drawback Rates changed w.e.f. 25.01.2014**

*Notification No. 05/2014-Cus. (NT) Dated: January 21, 2014* read with *Circular No. 3/2014-Cus, Dated: January 30, 2014* has amended Duty Drawback Rates for a dozen chapters with effect from 25.01.2014. These amendments have been made on account of representations received from Export Promotion Councils, Trade Associations, individual segments of industry, as well as feedback from field formations and other Departments. A detailed list can be downloaded from [www.cbec.gov.in](http://www.cbec.gov.in).

*[Notification No. 05/2014-Cus. (NT) Dated: January 21, 20, Circular No. 3/2014-Cus, Dated: January 30, 2014]*

## HIGHLIGHTS OF INTERIM BUDGET 2014-15

### SERVICE TAX:

#### 1. Amendment in Notification No. 25/2012-Service Tax, dated the 20th June, 2012

*Notification No. 04/2014 dated February 17, 2014* amends the earlier *Notification No. 25/2012 dated June 20, 2012* by inserting entries after entry 2 and 39 respectively as follows:

- i) 2A. Services provided by cord blood banks by way of preservation of stem cells or any other service in relation to such preservation
- ii) 40. Services by way of loading, unloading, packing, storage or warehousing of rice

This simply means that the above mentioned services form a part of the Mega Exemption List under Service Tax now.

[*Notification No. 04/2014 dated February 17, 2014*]

#### 2. Rice– exemptions from service tax

*Circular No. 177/3/2014-ST., Dated: February 17, 2014* clarifies the doubts regarding the scope and applicability of various exemptions available to various activities in relation to rice, under the negative list approach, as follows:

- i) Transportation of Rice by a rail/ vessel or by goods transport agency: Transportation of food stuff by rail/ vessel or by goods transport agency is exempt from levy of service tax. Food Stuff includes rice.
- ii) Loading, unloading, packing, storage and warehousing of rice.
- iii) Milling of paddy into rice: When paddy is milled into rice, on job work basis, service tax is exempt under sl.no.30 (a) of notification 25/2012-ST dated 20<sup>th</sup> June, 2012, since such milling of paddy is an intermediate production process in relation to agriculture.

[*Circular No. 177/3/2014-ST., Dated: February 17, 2014*]

### EXCISE & CUSTOMS

#### 1) Significant Changes in Rates of Excise & Customs duties

S. No.	Particulars	Old Rate	New Rate
1.	Excise Duty on Capital Goods and Consumer Non- Durables	12%	10%
2.	Small cars, motor cycles, scooters and commercial vehicles	12%	8%
3.	SUV	30%	24%

4.	<b>Large &amp; Mid Segment Cars</b>	<b>24/20%</b>	<b>27/24%</b>
5.	<b>Mobile Handsets</b>	<b>6%</b>	<b>6% with CENVAT Credit &amp; 1% without CENVAT Credit</b>
6.	<b>Road Construction Machinery</b>	<b>CVD Exempt</b>	<b>Exemption from CVD withdrawn</b>
7.	<b>Capital goods imported by the Bank Note Paper Mill India Private Limited.</b>	<b>No Concessional customs duty</b>	<b>5% of concessional customs duty</b>

This is an illustrative list. Details can be obtained from [www.cbec.gov.in](http://www.cbec.gov.in).

*[Notification No. 04/2014-CE, dated 17-02-2014, Notification No. 05 /2014-Cus., Dated: February 17, 2014]*