

Summary of Notifications, Circulars from 16th July 2015 to 15th August 2015

CENTRAL EXCISE

1. Guidelines for Detailed Scrutiny of Central Excise Returns prescribed

Return scrutiny is the first line of verification carried out by the Department upon submission of tax return by the assessee. A returns scrutiny process consists of two parts viz. preliminary scrutiny and detailed scrutiny. While the preliminary scrutiny system covers all the returns filed online, detailed scrutiny system covers a few returns selected on the basis of identified risk parameters. CBEC vide *Circular No. 1004/11/2015-CX, Dated: July 21, 2015* has laid down the following guidelines for detailed scrutiny of Central Excise Returns:

- (a) Detailed scrutiny of a minimum of 2% and maximum of 5% of the total returns received in a month shall be mandatorily performed by the proper officers.
- (b) The assessee should be selected by the Commissionerates on the basis of Risk Score ascertained as per *letter F. No. 381/20/2015 dated 18.05.2015*.
- (c) An assessee who has been selected for audit in a given financial year shall NOT be selected for detailed scrutiny.
- (d) Once the return of an assessee has been selected for detailed scrutiny, the return of the assessee should NOT be selected again for the next 12 months for detailed scrutiny.
- (e) Most recent return filed by that assessee should be used for conducting the detailed scrutiny.
- (f) Ratio of returns for Service Tax & Central Excise to be scrutinised in a composite range will be the ratio of the number of assessee registered as Service Tax and Central Excise assessee respectively.

[Circular No. 1004/11/2015-CX, Dated: July 21, 2015]

2. Benefit of CVD Exemption available to importers

The Hon'ble Supreme Court, in the case of *M/s SRF Ltd. versus Commissioner of Customs, Chennai* and *M/s ITC Ltd. v/s Commissioner of Customs (I&G), New Delhi* - relating to CVD exemption, held that the benefit of excise duty exemption will also be available to the importers of such final products for the purposes of CVD on the ground that the importer was not availing the credit of duty on inputs or capital

goods. This implied that all such final products when imported by manufacturer importer would have attracted concessional excise duty as CVD while the domestic manufacturer of such final products would have been required to forgo input tax credit to be eligible for such concessional rate which would put the domestic manufacturers at a disadvantage.

In this regard, CBEC vide *Circular No. 1005/12/2015-CX, Dated: July 21, 2015* has clarified the use of the phrase of "appropriate duty" and provided that the appropriate duty or appropriate additional duty or appropriate service tax for the purposes of the *Notifications No.30/2004-CE dated 09.07.2004, No.1/2011-CE dated 01.03.2011 and No.12/2012-CE dated 17.03.2012/* entries includes nil duty or tax or concessional duty or tax whether or not read with any relevant exemption notification for the time being in force. This means that the domestically manufactured goods covered under these notifications / entries continue to be exempt from excise duty or subject to concessional rate of excise duty as the case may be.

[Circular No. 1005/12/2015-CX, Dated: July 21, 2015]

VALUE ADDED TAX

ANDHRA PRADESH VAT:

3. Registration of commodities by Dealers for generating CST way bills

Andhra Pradesh Government has advised the dealers to register all the commodities deal-in by them till 14th of August 2015. CST e-Way bills may only be generated if the commodity is registered. Further, the use of Manual way bills for Sensitive Commodity is prohibited unless Sensitive Commodity is registered. It may be noted that a dealer may register 3 sensitive commodities.

[Circular No. CCTs Ref. No. CCW/152/2015, dated 6th August, 2015]

4. Procedure defined for availing Input Tax Credit and Net Credit Carry Forward by a dealer post bifurcation of Andhra Pradesh and Telangana Government

Following mechanism has been agreed by State of Andhra Pradesh and Telangana for allowing Input Tax Credit and Net Credit Carry Forward to a dealer:

1. Dealers Registered in both States

A dealer who is originally registered in state of Telangana and has taken registration in the State of Andhra Pradesh post bifurcation, will

be allowed to avail the credit carry forward in Telangana only. No credit is allowed in Andhra Pradesh to such dealer and vice versa.

2. **Migrated Dealers:** A dealer, who was registered in Telangana and after bifurcation migrated to Andhra Pradesh, is allowed to claim NCCF in Andhra Pradesh only. No credit is allowed in Telangana and vice versa. New Assessing Authority should contact the old assessing authority to find out the pending arrears before allowing credit.
3. **For Verification and Reconciliation of NCCF:** An online system based procedure has also developed for finding out pending Net Credit Carry Forward.

[Circular No. CCTs Ref. No. AI(1)/12/2014, dated 28th July, 2015]

ASSAM VAT:

5. **Linking of registration of dealer with PAN as a step towards migration in GST regime**

Assam Government vide *Circular No. 11/2015 No. CT/COMP-69/2015/3 Dated 5th August, 2015*, has prescribed steps to follow to enable the migration of current tax system into GST regime. As in GST Regime everything will be linked with PAN of a person, Assam Government is replacing all the TIN of the dealers with GSTIN on the basis of PAN of dealers. Dealers are advised to give correct PAN, if wrong or not given. Authorities are advised to upload Mobile No., e-mail address; details of PAN of dealers with utmost care in database.

[Circular No. 11/2015 No. CT/COMP-69/2015/3 Dated 5th August, 2015]

6. **Clarification regarding filling of Form 13 for April to June 2015 (First Quarter)**

Assam Government vide *Circular No. 9/2015 No. CT/COMP-69/2015/2 Dated 20th July, 2015* has clarified that Part G to Part N of Form 13 may be filled manually for the quarter April-June 2015. Part A to Part F of Form 13 is to be filed online only. July 2015 onwards all part of Form 13 will be filed online compulsory.

[Circular No. 9/2015 No. CT/COMP-69/2015/2 Dated 20th July, 2015]

DAMAN AND DIU VAT:

7. Punjab National Bank is now authorized to accept Taxes, Penalties etc.

Daman and Diu Government vide *Notification No DMN/VAT-2015/2014-15/236 Dated 30th July, 2015*, has designated Punjab National Bank, Daman Branch as authorized bank for payment of Taxes, Penalty, Interest and any other dues payable in relation to person having place of business in Daman and Diu.

[Notification No DMN/VAT-2015/2014-15/236 Dated 30th July, 2015]

DADAR & NAGAR HAVELI AND DAMAN & DIU VAT:

8. Registration Certificate will be granted within 1 day for Non -Sensitive Goods.

Daman & Diu Government and Dadar & Nagar Haveli Government has announced that Registration Certificate will be granted within 1 day in respect of Non-Sensitive Goods. All goods except Petroleum Products, Chemicals, Acids etc. will be considered as Non-Sensitive Goods. One day will be calculated from the day on which all formalities i.e. Application for Registration Certificate, Deposit of Registration Fee, Security etc. are duly complied with. Later, an inspection will be carried out within three weeks and if facts are found incorrect then registration will be cancelled. For Sensitive goods process will remain as it was.

[Circular No. DMN/VAT/VATSoft/2013-14/254, Dated 12th August, 2015 and Circular No. DNH/VAT/CT-MMP/AMDT/Rules/2011/1215 Dated 5th August, 2015]

DELHI VAT:

9. Date Extended for filling Forms EC II and EC III till 30.9.2015

Delhi Government vide *Circular No. 15 of 2015-16 No.F.3(515)/Policy/VAT/2015/430-436, Dated 21st July, 2015*, has extended

the last date for filling Forms EC II and EC III till 30.09.2015. It may be noted that Forms EC II and EC III is required to filed by a dealer engaged in the business of e-commerce.

[Circular No. 15 of 2015-16 No. F.3(515)/Policy/VAT/2015/430-436, Dated 21st July, 2015]

HARYANA VAT:

10. Electronic Governance is to be implemented for carrying out the provisions of Act and Rule

Haryana Government vide *Order dated 5th August, 2015*, has ordered that Electronic governance is to be implemented with immediate effect for Registration, Furnishing of Return etc.

[Order Dated 5th August, 2015]

KERALA VAT:

11. Exemption is available to Sub-contractor also in reference to SEZ.

Kerala Government vide *Circular No. 22/2015 No.C1-1/15/CT, Dated 7th August, 2015*, has clarified that exemption is also available to a Sub-contractor, if he has sold building material, industrial inputs etc. to SEZ unit. The declaration format is also given in the said circular for claiming exemption.

[Circular No. 22/2015 No.C1-1/15/CT, Dated 7th August, 2015]

12. Dealers are now allowed to download Delivery Notes without Digital signatures.

Kerala Government vide *Circular No. 21/2015 No.C1-12107/12/CT Dated 3rd August 2015*, has permitted to download Delivery Notes for transporting goods without Digital Signature. This circular is applicable from 6th of August 2015. Earlier it was mandatory to Digitally Sign the Delivery Notes.

[Circular No. 21/2015 No.C1-12107/12/CT Dated 3rd August 2015, wef 6th of August 2015]

NAGALAND VAT:

13. Mandatory uploading of details of Sales and Purchase Invoices on Tax Administration Application Software (i.e. Taxsoft).

Nagaland Government vide *Notification No. CT/LEG/130/2006: Dated 29th July 2015*, has mandated uploading of details Sales and Purchase Invoices on Tax Administration Application Software for settlement of Input Tax Credit. All dealers are now required to upload mandatorily the details on Tax Soft from 1.4.2015. A brief of Terms and Conditions are:

1. All dealers are required to obtain login user ID and password.
2. Login and Upload Sales and Purchase Invoices details in the Taxsoft on www.nagalandtaxnic.in.
3. No claim for Input Tax Credit will be entertained if it is not e-uploaded.

[Notification No. CT/LEG/130/2006: Dated 29th July 2015]

RAJASTHAN VAT:

14. Retrospective Exemption from 09.03.2010, in case of dealers who are selling food items which is cooked by them in heritage hotels and is categorized as 'Basic' by Government of India is now exempt over and above 5%.

Rajasthan Government vide *Notification No. F. 12(75)FD/Tax/2015-59 and 60, Dated 21st July 2015*, in case of dealers who are selling food items which is cooked by them in heritage hotels and which are categorized as 'Basic' by Government of India, has provided exemption over and above 5%. It means such dealers are required to pay tax at the rate of 5%.

[Notification No. F. 12(75)FD/Tax/2015-59 and 60, Dated 21st July 2015]

TRIPURA VAT:

15. Fixation of amount of Security Deposit for Different Classes of Dealers for VAT and CST Registration

Tripura Government vide *Notification No. F-1-6(30)-TAX/2004/9251-75, Dated 20th July, 2015*, has fixed the amount for Security Deposit for Different Class of Dealers as below:

Classes of Dealers	Amount of Security
(i) VAT Registration for re-seller.	
(a) Annual turnover < Rs. 10.00 lakh	Rs. 500.00
(b) Annual turnover > Rs. 10.00 lakh,	Rs. 1,000.00
(c) SSI units & beneficiaries of PMRY scheme or any other unemployed youth starting business under any Govt. scheme.	Rs. 500.00
(d) Govt. Department / Enterprises / Undertaking.	Nil
(ii) VAT registration along with CST registration or Only CST registration	
(a) Inter-state business,	Rs. 10,000.00
(b) SSI units & beneficiaries of PMRY scheme or any other unemployed youth starting business under any Govt. scheme and NGO. Self Help Group.	Rs. 1,000.00
(c) Govt. Department / Enterprises / undertaking	Nil
(d) Coal	Rs. 1,00,000.00
(e) Foreign Trade (Import / Export)	
(i) Coal	Rs. 1,00,000.00
(ii) Other than Coal	Rs. 30,000.00

(iii) (a) Bricks Kiln	Rs. 1,00,000.00
(b) Stone boulders/Stone chips/ gravels/ Metals and any kind of stone	Rs. 15,000.00
(iv) All kind of Transporters	Rs. 12,00,000.00
(v) Branch office of all kind of Transporters	Rs. 12,00,000.00
(vi) Amendment of registration other than inclusion of branch office of transporters as mentioned at Sl.No. (v),	Nil

[Notification No. F-1-6(30)-TAX/2004/9251-75, Dated 20th July, 2015]

WEST BENGAL VAT

16. Deselected dealers may now generate online e-way bills

West Bengal Government vide *Circular No. 15/2015 dated 7th August, 2015*, has allowed a deselected dealer (i.e. whose facility for generating of Demat Waybill is withdrawn by the Commissioner) for generating online e-way bills in a restrictive way subject to conditions and guidelines prescribed in the said circular.

[Circular No. 15/2015 dated 7th August, 2015]

17. Special Provisions for Large Tax Payer Units

West Bengal Government vide *Trade Circular No. 14/2015 dated 24th July, 2015*, has stated special provisions and facilities that are available to Large Taxpayer Units (LTU). These are as follows:

1. A dealer who is in in Jurisdiction of Kolkata and whose net tax payable/paid in the previous year was more than Rs 3 crores, or Total turnover of sales/transfer price in each of preceding 2 financial years, was more than Rs 500 Crores, may make an application for LTU.
2. A Nodal Officer (Joint Commissioner (JC) or Senior JC) will be assigned to each LTU for assisting in all tax matters such as return

filling, way bill issue, declaration form, refund, export etc. One window will be provided.

3. LTUs are allowed to generate e-way bills without any upper limit.
4. The selection for VAT audit would be based on 'risk assessment' and in consultation of LTU.
5. The refund claims will be disposed of ASAP.
6. On Technical Ground alone, goods of LTU cannot be detained or searched during transportation. If any ground exists for its detention, photo copies of the relevant papers relating to the consigned goods and its movement would be retained for further investigation.
7. Opportunity to explain non-payment of tax is to be given before initiating recovery proceeding.
8. A dedicated email address will be given to LTU i.e. ltu@wbcomtax.gov.in. This e-mail will be monitored and responded to positively within two working days.
9. This scheme is optional that means LTU are to opt this scheme for availing the benefits.
10. When dealers move out of LTU, cases will be handled in the normal manner.

[Trade Circular No. 14/2015 dated 24th July, 2015]

18. Amendment in VAT Act/Rule by VAT Amendment Act, 2015 or Notifications issued in pursuance thereof:

BIHAR VAT:

Bihar Government vide *Notification No. S.O.189 F.No. Bikri kar/Sansodhan-02/2015/4110 Dated 3rd August, 2015*, has amended following Rules in Bihar VAT Rules:

(i) Insertion of new Rule for determining penalty U/s 32(2)

A new **Rule 24A has been** inserted for determining penalty under section 32(2), which is as follows:

- 1) If an authority wants to impose penalty, he should determine tax at the suitable rate on the Value of suppressed turnover.
- 2) Such calculation of Tax will be limited to the extent of actual value of suppressed turnover.
- 3) This determination of Tax is for Penalty purpose only.

(ii) Disabling generation of electronic transaction identification number (Insertion of new sub-rule 7 in Rule 41):

If the authority is satisfied that an applicant for an electronic transaction identification number has defaulted in:

- furnishing Return/Statement
- payment of Tax/Interest
- furnishing Tax Audit Report

then he may disable such applicant for generation of electronic transaction identification number till he does not make the default good.

[Notification No. S.O.189 F.No. Bikri kar/Sansodhan-02/2015/4110 Dated 3rd August, 2015]

MADHYA PRADESH VAT:

Following amendments have been made in Madhya Pradesh VAT Act:

1. **Substitution of proviso to Section 4-A:** Where an appeal was not disposed of within the given time of stay, the dealer may make an application to extend the time. The Appellate Board may grant extension of stay for maximum of 6 months if it is satisfied that delay was not due to dealer.
2. **Section 16-A(3):** A new sub-section has been inserted empowering Government to make a Scheme to liquidate the liabilities including arrears of Tax, Interest and Penalty of Sick or Closed Industrial Units.
3. Penalty under Section 18(4)(d) has been reduced from 1000 per day to 500 per day after 30 days. Further, the maximum penalty has also been reduced from Rs. 50,000/- to Rs. 25,000/-
4. **Section 29(5C):** A new sub-section has inserted to provide that a amalgamated unit shall be entitled to take credit of Unadjusted Input Tax Rebate held by the amalgamating unit on the date of amalgamation provided that both the unit should be of same dealer.

KERALA VAT:

Following amendment have been made in Kerala VAT Act vide *Notification No. 5959/Leg.A2/2015/Law Dated 29th July, 2015*:

(1) Fees for renewal of Registration [Section 16(7)]: For renewal of registration every year following fees is required to be paid:

Particulars	Amount in Rs.
(a) in the case of a dealer who is not an importer	
(i) having a total turnover of up to Rs. 25 lakh in the previous year	Rs. 500
(ii) having a total turnover of above Rs. 25 lakh in the previous year	Rs. 1,000/-
(b) in the case of others	Rs. 3000/-

(2) Revision of Return in two months [Section 21(2)]: A new sub-section has been inserted to provide that a dealer may revise his return within two months from the last day of the return period if he finds any omission or mistake in the original return. If due to revision, his tax increases, dealer needs to file proof of payment of tax, interest and penal interest which would be twice the rate of interest.

(3) Date of completion of assessment is extended to 31st March 2016

The date of completion of audit and escaped assessment as provided in fourth and third Proviso to Section 24(1) and 25(1) respectively has been extended up to 31st March 2016. Earlier the said due date was 31st March 2015.

(4) Prior approval required for General Survey or Inquiry

A new proviso to section 54 has been inserted to provide that Prior approval of an Officer above the rank of Deputy Commissioner is required for General Survey or Inquiry.

(5) Monthly filing of details of goods sold by Companies maintain Electronic Commerce Website

A new section 54A has been inserted to provide that all companies who are maintaining Electronic Commerce Website shall monthly file details of goods sold through such site in a month.

[Notification No. 5959/Leg.A2/2015/Law Dated 29th July, 2015]

JHARKHAND VAT:

Jharkhand Government vide *Notification S.O.56 dated 24th July, 2015*, has amended Jharkhand VAT Rules, 2006 as follows:

Rule 3(c)(vi): A dealer may be given Registration Certificate with TIN in Form JVAT 106 within 1 day from the date of application if Registering authority is satisfied that information furnished to him is complete, true, correct and dealer deals in non-sensitive goods.

Rule 19(6): If a dealer claims for refund, such refund shall be granted within 60 days from the date of filling of refund claim. This period was 90 days prior to this amendment.

Rule 19(7): If a dealer claims for refund in the Return on account of sales he may file an application accompanied with prescribed documents within 60 days from the date of furnishing of Return. Prior to this amendment this time period was 90 days. An application for refund made after sixty days may be admitted if the authority is satisfied that the dealer has sufficient cause for not making the application within time.

[Notification S.O.56 dated 24th July, 2015]

HARYANA VAT:

Haryana Government vide *Notification No. Leg. 9/2015, Dated 3rd August, 2015*, has amended Haryana Vat Act vide Ordinance as follows:

- 1. Section 15A:** If the assessing authority has evidence that dealer has evaded/avoided tax payment, then he may determine the taxable turnover of dealer on provisional basis to the best of his judgment and assess tax accordingly. The dealer will be given opportunity of being heard.
- 2. Section 16:** If it is found by the assessing authority that a dealer is liable to pay tax and has not taken registration, then he can assess the due tax to the best of his judgment before the expiry of 6 years from the end of

such period after giving Opportunity of being heard to such dealer. Prior to this amendment the said time period was 3 years.

3. **Section 17:** If it is found by the assessing authority that Turnover of a business is under assessed or has escaped assessment or excess input tax or refund has been allowed, then he can reassess the tax liability (Best Judgment also) after giving an opportunity of being heard to the dealer. Such reassessment can be done before the expiry of 8 years from the end of that year or within 3 years from the date of final assessment order, whichever is later.
4. **Second Proviso to Section 34(1)** has been amended to provide that no order will be revised after 6 years from the date of supply of order to assessee. In case of retrospective change in law, Tribunal, High Court, Supreme Court Decision order can be revised beyond 6 years also. Prior to this amendment the said time period was 3 years.
5. **Chapter XA:** A whole new chapter has been inserted to enable Electronic Governance as follows:
 1. **54A: Implementation of electronic governance:**
 1. Commissioner may implement electronic governance for carrying out the provisions.
 2. He may amend or introduce forms for returns, applications, declarations, annexures, audit report etc. to be submitted electronically.
 3. He can extend or reduce the period of act and rules for electronic governance.
 2. **54B: Automation:**
 1. All the provisions of Information Technology Act relating to Digital Signatures, Digital Signatures Certificates, Electronic Governance, Acknowledgement and dispatch of electronic records, Attribution, Secure Electronic Records and Secure Digital Signatures shall apply for electronic governance also.
 2. If the dealer has given consent to use the official website then only return, annexure, audit report, documents, certificate etc. filled electronically will be deemed to have been submitted. The dealer who has given consent cannot deny or withdraw documents submitted electronically.

3. A certificate, order, notice or communication which is prepared on automated data processing system and is sent to dealer need not to be signed by Commissioner/Officer. Even without signature it would not be considered invalid.

[Notification No. Leg. 9/2015, Dated 3rd August, 2015]