

**SIGNIFICANT NOTIFICATIONS / CIRCULARS ISSUED DURING THE PERIOD 16<sup>TH</sup> MAY, 2012 TO 15<sup>TH</sup> JUNE, 2012**

**A. SERVICE TAX**

**1. Service Tax (Settlement of Cases) Rules and Service Tax (Compounding of Offences) Rules notified by the Board**

With effect from 28.05.2012, the provisions relating to Settlement Commission have been made applicable to service tax vide the Finance Act, 2012. Consequently, CBEC has notified the Service Tax (Settlement of Cases) Rules, 2012 to carry out the provisions of the Act. The Rules are issued on the lines similar to the Central Excise (Settlement of Cases Rules), 2007. An application for settlement is to be made in the Form SC(ST)-1. Such Form has also been notified by the Board.

The Board has also notified the Service Tax (Compounding of Offences Rules) Rules, 2012. Provisions of section 9A(2) of the Central Excise Act, 1944 deal with compounding of offences, which have been made applicable to service tax vide section 83 of the Finance Act, 1994. Compounding is a process whereby an accused pays a prescribed amount (known as compounding charges) in lieu of prosecution.

[Notification No. 16 & 17/2012 ST dated 29.05.2012]

**2. Negative list of services and other related amendments made by the Finance Act, 2012 to be effective from July 1, 2012**

The Finance Act, 2012 seeks to insert provisos in sections 65, 65A, 66 and 66A of the Finance Act, 1994 from a date to be notified by the Central Government. Notification No. 18/2012 ST dated 01.06.2012 has notified June 1, 2012 as the date when the provisos would be inserted in the sections mentioned above. The provisos lay down that the provisions of the said sections will cease to apply with effect from a date to be notified by the Central Government.

Subsequently, Notifications 20-23/2012 ST dated 05.06.2012 have been issued to notify July 1, 2012 as the date when the provisions of sections 65 (definitions), 65A (classification of services), 66 (charging section) and 66A (import of services) will cease to apply.

Simultaneously, Notification No. 19/2012 ST dated 05.06.2012 has also been issued to specify that following would be effective from July 1, 2012:

Sl No.	Clause of the FA, 2012	Sections of the Finance Act, 1994 covered in the Clause of the FA, 2012	Description
(i)	(C)	65B	Interpretations
(ii)	(F)	66B 66C 66D 66E 66F	Charge of service tax on and after Finance Act, 2012 Determination of place of provision of service Negative list of services Declared services Principles of interpretation of specified descriptions of services or bundled services

Further, the following amendments will also be effective from July 1, 2012:

- (i) Omission of definition of money from the explanation to section 67;
- (ii) Amendment in section 68 seeking to put onus of payment of service tax under the reverse charge basis partly on service provider and partly on service receiver.

*[Notification No. 18/2012 ST dated 01.06.2012 & 19-22/2012 ST dated 05.06.2012]*

### **3. Service Tax Valuation Rules, 2006 amended**

The Service Tax (Determination of Value) Rules, 2006 were amended vide Notification No. 11/2012 ST dated 17.03.2012 when the Finance Bill, 2012 was tabled in the Parliament. However, Notification No. 11/2012 ST has been rescinded by Notification No. 24/2012 ST dated 06.06.2012 and these rules have been amended further.

It may be noted that some of the amendments made by Notification No. 11/2012 have been continued by Notification No.24/2012 ST as well. The amendments will be effective from July 1, 2012.

*[Notification No. 24/2012 ST dated 06.06.2012]*

## **B. CENTRAL EXCISE**

### **1. Admissibility of CENVAT credit on structural components of boiler**

It has been clarified by the CBEC that as per Rule 2(k) of the CENVAT Credit Rules, 2004, CENVAT credit is available in respect of structural components if used as parts of Boiler. However, CENVAT credit would not be available in respect of structural components used for laying of foundation or making of structures for support of capital goods/ Boiler.

Earlier in April, 2012 the Board had issued Circular No 964/07/2012-CX dated 02.04.2012 wherein it was clarified that structural components of Boiler which are essentially parts of the boiler would be classified under heading 8402 and CENVAT credit would be admissible in respect of such structural components/ parts (of the Boiler) for the reason that they are not used for laying of foundation or making of structures for support of capital goods.

In view of the Circular, doubts have arisen as to whether CENVAT credit will be available on structural components used for the support of the Capital Goods.

The Board has now clarified that whether a particular structural component is a part of the Boiler or a component to make structure for supporting the Boiler is a question of facts and needs to be examined on a case to case basis, depending on the nature and use of the said structural component as per the existing legal provisions and judicial pronouncements on the subject.

*[Circular No. 966/09/2012 CX dated 18.05.2012]*

*The text of the above notifications/circular is available at [www.cbec.gov.in](http://www.cbec.gov.in)*