

## Summary of Notifications, Circulars from 16<sup>th</sup>May2015 to 15<sup>th</sup>June2015

### SERVICE TAX

#### **1. Change in Rate of Service Tax – Section 66B of Finance Act w.e.f 1<sup>st</sup> June 2015**

Section 66B of the Finance Act which prescribes the rate of Service Tax has been amended *w.e.f 1<sup>st</sup> June 2015*. The rate of Service Tax is being increased from 12% to 14% (including cesses).

Further, Section 95 and Section 140 of the Finance Act which provide for levy of Education Cess and Secondary & Higher Education Cess, respectively, on taxable services, shall cease to have effect from 1<sup>st</sup> June, 2015. The Education Cess and Secondary & Higher Education Cess stand subsumed under the new rate.

*[Notification No.14/2015-Service Tax, dated 19th May, 2015]*

#### **2. Amendments in Negative List of Services – Section 66D of Finance Act w.e.f 1<sup>st</sup> June 2015**

Following amendments to Section 66D of Finance Act – Negative List will come into effect from *1<sup>st</sup> June 2015*:

- (i) Service Tax shall be levied on the service provided by way of access to amusement facility providing fun or recreation by means of rides, gaming devices or bowling alleys in amusement parks, amusement arcades, water parks and theme parks.
- (ii) Service tax shall be levied on service by way of admission to entertainment event of concerts, pageants, musical performances concerts, award functions and sporting events other than the recognized sporting event, if the amount charged is more than Rs. 500 per person for the right to admission to such an event.
- (iii) Service by way of admission to entertainment event, namely, exhibition of cinematographic film, circus, recognized sporting event, dance, theatrical performance including drama and ballet is exempted from Service Tax vide *Notification No. 25/12-ST (Mega exemption Notification)*.
- (iv) Service Tax shall be levied on contract manufacturing/job work for production of potable liquor for human consumption.

- (v) An explanation has been inserted in entry (i) covering betting, gambling or lottery to provide that "betting, gambling or lottery" shall not include the activity carried out by a lottery distributor or selling agent in relation to promotion, marketing, organising, selling of lottery or facilitating in organising lottery of any kind, in any other manner. The objective of making these exclusions is to make it explicitly clear that while lottery per se is not subject to service tax, aforesaid services in relation to lottery will be taxable.

However, it is important to note that the due date of applicability of provisions related to taxability of all services provided by the Government or local authority to a business entity are yet to be notified.

*[Notification No.14/2015-Service Tax, dated 19th May, 2015; Notification No.16/2015-Service Tax, dated 19th May, 2015]*

### **3. Amendment in Service Tax Rules, 1994 w.e.f 1<sup>st</sup> June 2015**

In respect of services relating to Air Travel Agent, Life Insurance service, Money changing service provided by banks or authorized dealers and Service provided by lottery distributor and selling agent the service provider has been allowed to pay service tax at an alternative rate subject to the conditions as prescribed under rule 6 (7), 6(7A), 6(7B) and 6(7C) of the Service Tax Rules, 1994. *With effect from 1<sup>st</sup> June 2015*, consequent to upward revision of service tax rate to 14%, the said alternative rates will also be revised proportionately. The revised rates are as follows:

<b>S No.</b>	<b>Name of Service</b>	<b>Old Rate</b>	<b>New Rate</b>
1.	Air Travel Agent(Domestic Bookings)	0.6%	0.7%
	Air Travel Agent(International Bookings)	1.2%	1.4%
2.	Life Insurance Business	3 % and 1.5 %	3.5 % and 1.75 % respectively.

3.	Money Changer Service	<p>(a) 0.12 per cent. of the gross amount of currency exchanged for an amount upto rupees 100,000, subject to the minimum amount of rupees 30; and</p> <p>(b) rupees 120 and 0.06 per cent. of the gross amount of currency exchanged for an amount of rupees exceeding rupees 100,000 and upto rupees 10,00,000; and</p> <p>(c) rupees 660 and 0.012 per cent. of the gross amount of currency exchanged for an amount of rupees exceeding 10,00,000, subject to maximum amount of rupees 5000</p>	<p>(a) 0.14 per cent. of the gross amount of currency exchanged for an amount upto rupees 100,000, subject to the minimum amount of rupees 35; and</p> <p>(b) rupees 140 and 0.07 per cent. respectively of the gross amount of currency exchanged for an amount of rupees exceeding rupees 100,000 and upto rupees 10,00,000; and</p> <p>(c) rupees 770 and 0.014 per cent. Respectively of the gross amount of currency exchanged for an amount of rupees exceeding 10,00,000, subject to maximum amount of rupees 5000</p>
4.	Lottery distributor and selling agent	Rs. 7,000/- & Rs. 10,000/-	Rs. 8,200/- & Rs. 12,800/- respectively.

[Notification No.15/2015-Service Tax, dated 19th May, 2015]

#### 4. Amendments in Mega Exemption Notification 25/2012 effective 1<sup>st</sup> June 2015

With effect from 1<sup>st</sup> June 2015, following changes in *Mega Exemption Notification No. 25/2012-ST dated June 20, 2012* are made effective:

- (i) Consequent to imposition of Service Tax levy on service by way of manufacture of alcoholic liquor for human consumption, an amendment is being made in the entry at S. No. 30 of notification No. 25/12-ST to exclude carrying out of intermediate production process of alcoholic liquor for human consumption on job work from this entry.
- (ii) Entry 47: Exemption is given to services provided by way of right to admission to,-
  - Exhibition of cinematographic film, circus, dance, or theatrical performances including drama or ballet.
  - Recognized sporting events.

- Concerts, pageants, award functions, musical performances or sporting events not covered by S. No. ii, where the consideration for such admission is upto Rs. 500 per person.

*[Notification No.16/2015-Service Tax, dated 19th May, 2015]*

#### **5. Amendment in Abatement Notification No. 26/2012 w.e.f. 1<sup>st</sup> June 2015**

CBEC vide *Notification No. 13/2015-ST, Dated: May 19, 2015* has amended *Notification No. 26/2012-ST dated June 20, 2012*, thereby omitting the entry relating to definition of Chit (para 2 clause 'a'), on account of withdrawal of abatement in relation to Chit Fund vide *Notification No. 8/2015-ST dated March 1, 2015*

*[Notification No.13/2015-ST, Dated: May 19, 2015]*

#### **6. Exemption to Power System Development Fund Scheme**

CBEC vide *Notification No. 17/2015-ST, Dated: May 19, 2015* has exempted taxable services provided under the Power System Development Fund Scheme of the Ministry of Power from the whole of the Service tax levied thereon under Section 66B of the Finance Act till April 1, 2017 subject to the conditions specified therein.

*[Notification No. 17/2015-ST, Dated: May 19, 2015]*

#### **7. Swachh Bharat Cess**

Central Government has been empowered to impose a Swachh Bharat Cess on all or any of the taxable services at a rate of 2% or lower on the value of such taxable services. The date from which this amendment would come into effect is yet to be notified by the Government.

#### **8. Rate of Service Tax on Restaurant Services**

CBEC vide *Circular No. 184/3/2015-ST, Dated: June 3, 2015* has clarified that with increase of service tax rate to 14% with effect from 1<sup>st</sup> June 2015 and no change in abatement provisions with regard to services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess, having the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year, effective

service tax rate would be 5.6% (14% of 40%) of the total amount charged for such services.

[Circular No. 184/3/2015-ST, Dated: June 3, 2015]

## **CENVAT CREDIT RULES**

### **9. Amendment in Rule 6(3) of CENVAT Credit Rules, 2006**

CBEC vide *Notification No. 14/2015-Central Excise (N.T.), Dated: May 19, 2015* has amended Rule 6(3) of CENVAT Credit Rules, 2004 dealing with Reversal of CENVAT Credit on exempted goods and services to provide that the manufacturer of goods or the provider of output service, opting not to maintain separate accounts, shall pay an amount equal to 7% of the value of exempted services. Prior to this amendment the rate was 6% of the value of exempted services which has been increased to 7%, with effect from 1<sup>st</sup> June 2015 on account of upward revision of Service Tax rate to 14%. However, the rate of reversal for exempted goods remains the same at 6%.

[Notification No.14/2015-Central Excise (N.T.), Dated: May 19, 2015]

### **10. Amendment in Safeguards for refund of unutilised CENVAT Credit under Rule 5(b)**

CBEC vide *Notification No. 15/2015-Central Excise (N.T.), Dated: May 19, 2015* has amended Safeguards for refund of unutilised CENVAT Credit issued vide *Notification No. 12/2014- Central Excise (N T), Dated: March 03, 2014* to provide that provisions of *Notification No. 12/2014- Central Excise (N T)* shall cease to apply to 'supply of manpower for any purpose or security services'.

[Notification No.15/2015-Central Excise (N.T.), Dated: May 19, 2015]

## **CUSTOMS**

### **11. Appointment of Common Adjudicating Authority**

CBEC vide *Notification No. 60/2015-Customs (N.T.), dated 04.06.2015*, in terms of section 152 of the Customs Act, 1962, has delegated its power to Principal Director General of Directorate of Revenue Intelligence (DRI), New Delhi for appointing officers of the rank of Commissioner of Customs or Additional Director General of the said Directorate for the purpose of adjudication of cases investigated by that Directorate.

In this regard, CBEC vide *Circular No. 18/2015-Cus, Dated: June 09, 2015* has further clarified that all cases of appointment of common adjudicating authority in respect of cases investigated by DRI will be handled by Principal DG, DRI with regards to the

guidelines notified therein. However, all other cases of appointment of common adjudicator would continue to be dealt by the Board and all the pending cases where common adjudicating authorities have not been appointed so far or where the common adjudicating authorities have been appointed but adjudications have not been done would be disposed of expeditiously subject to guidelines and consideration of facts.

*[Notification No. 60/2015-Customs (N.T.), dated 04.06.2015& Circular No. 18/2015-Cus, Dated: June 09, 2015]*

## **12. Kamalasangar Notified As Land Customs Station**

CBEC vide *Notification No. 50/2015-CUS(N.T.), Dated: June 03, 2015* has notified Kamalasangar (Tripura) as Land Customs Station for the clearance of all goods or any class of goods imported or exported by land from or to the land frontiers of Bangladesh.

S. No.	Land Frontier	Land Customs Station	Route
	Bangladesh	(56) Kamalasangar (Tripura)	"Kamalasangar (District Sephajangal, Tripura), Border Pillar No. 2039".

*[Notification No. 50/2015-CUS(N.T.), Dated: June 03, 2015]*

## **13. Change in Turnover Limit as per Handbook of Procedures 2015-2020 ("HBP") under EOU/EHTP/STP/BTP Schemes**

CBEC vide *Circular No. 19/2015-Cus, Dated: June 9, 2015* has revised the turnover limit for domestic procurement and import of goods from Rs. 15 crores and above to Rs. 10 crores and above in the preceding year for Fast Track Clearance as per HBP, 2015-2020.

Accordingly, *Circular No. 19/2007 - Cus, Dated: May 03, 2007* dealing with physical verification of receipt of imported/indigenously procured duty-free goods before issuing re-warehousing certificate and *Circular No.17/2006 - Cus, Dated: June 01, 2006* dealing with Fast track Scheme for EOUs for import of goods stand modified.

*[Circular No. 19/2015-Cus, Dated: June 9, 2015]*

## VALUE ADDED TAX

### RAJASTHAN VAT

#### **14. Certain Provisions of Information Technology Act, 2000 to apply on Rajasthan VAT Act, 2003**

Rajasthan Government vide *Notification No. F. 12(42)/FD/Tax/2015-18 -Dated 15th May, 2015* has provided that the provisions contained in the Information Technology Act, 2000 and the rules made and directions given there under, shall apply to procedures related to electronic filing of return, making e-payment, issuance of an invoice by the dealer or person and orders passed or certificates issued under the Rajasthan Value Added Tax Act, 2003, as per the feasibility with immediate effect.

*[Notification No. F. 12(42)/FD/Tax/2015-18 -Dated 15th May, 2015]*

#### **15. Dealer having annual turnover of more than Rs.25 lacs to generate form 47A and 49A**

Commissioner, Commercial Taxes, Rajasthan vide *Notification No. F. 16(463)/PT-1/VAT/Tax/2013/5693 -Dated 14th May, 2015* has provided that, with effect from 1<sup>st</sup> June 2015, dealers having annual turnover of more than 25 lacs Rupees in the year 2014-15 or in any succeeding year shall generate Form VAT-47A or the identification number through the official website of the Department in lieu of Form VAT-47 before the goods enter into the territory of State.

*[Notification No. F. 16(463)/PT-1/VAT/Tax/2013/5693 -Dated 14th May, 2015]*

### KERELA VAT

#### **16. Last Date of Filing Annual Return Extended**

The last date for filing Annual Return and enclosures for the year 2014-15 under Kerala Value Added Tax Act is extended upto 30th June, 2015.

*[CIRCULAR No. 16/2015 No.C1-18945/15/CT Dated 3rd June, 2015]*

**17. Registration & monthly return filing required by the companies and entities maintaining an electronic commerce website**

Kerala Government vide *Circular No. 15/2015 No.C2-23004/2013/CT Dated 29th May, 2015* has introduced section 54A under KVAT which provides that all the companies and entities maintaining an electronic commerce website shall file a monthly return in prescribed form stating the details of goods sold from such website whether within or outside state. For this purpose they shall take registration under this Act and file the return as per the prescribed guidelines.

*[Circular No. 15/2015 No.C2-23004/2013/CT Dated 29th May, 2015]*

**DADRA and NAGAR HAVELI VAT**

**18. DVAT-30/30A/31/31A to be filed mandatorily before filing DVAT-16online**

*Circular No. DNH/VAT/CT-MMP/AMDT/Rules/2011/896 Dated 27th May, 2015* has provided that w.e.f. 01st May -2015, sales and purchase invoices, DVAT 30,30A,31,31A are now linked with Return (DVAT-16) online. This means once DVAT 30,30A,31,31A are uploaded online the figures would be auto-populated in DVAT-16 (Return) and return need not be filed separately. The procedure for uploading/submitted of DVAT 30/30A/31/31A is available at [www.dnhctd.gov.in](http://www.dnhctd.gov.in).

*[Circular No. DNH/VAT/CT-MMP/AMDT/Rules/2011/896 Dated 27th May, 2015]*

**HIMACHAL PRADESH VAT**

**19. Locking of Tax Identification Number and suspension of e-services.**

Newly inserted Section 50-A of the Himachal Pradesh Value Added Tax (Amendment) Act, 2015 provides that if a registered person fails to pay any tax, penalty or interest payable or fails to furnish return(s) by the prescribed date or has filed incomplete or incorrect return or has conducted transactions but has not filed corresponding returns or no business at the declared place is being conducted or deliberately avoids service of notice or has failed to comply with the requirements of any notice, the prescribed authority or the Assessing Authority may lock his Tax Identification Number and / or suspend the e-services without prejudice to any other action which may be taken against him. A notice shall be issued immediately after locking of the Tax Identification Number and or suspension of e-services by such



authority to the person concerned. The locked Tax Identification Number and suspended e-services shall be restored immediately after furnishing evidence of payment of tax, interest, penalty or furnishing of overdue returns, or on compliance of any other action which such persons had been directed to take, as the case may be.

## **ASSAM VAT**

### **20. Online Issuance of form 'C' & 'F' has been made mandatory**

Assam Government vide *Circular No. 6/2015 No. CT/COMP-49/2013/7 Dated 4th June, 2015* has made online issuance of Form 'C' and 'F' mandatory w.e.f. 1.6.2015. The basic requirements and procedures to avail this e-service are as follows:

- a) The dealer must be registered under Assam VAT & CST and obtain an online user ID & password from the concerned unit (dealers who already have user ID and password need not take separate user ID & Password)
- b) 'C' & 'F' forms can be requested by furnishing invoice details using 'Add Invoice' option
- c) For obtaining 'C' & 'F' forms in composition scheme a form can be also requested by furnishing invoice details using 'Add Invoice' option.

*[Circular No. 6/2015 No. CT/COMP-49/2013/7 Dated 4th June, 2015]*

## **TAMIL NADU VAT**

### **21. Mandatory e-filing of Monthly Returns**

Tamil Nadu Government vide *Circular No.21/2015 D3/32639/2014 Dated:25th May, 2015* has provided that dealers who are statutorily required to file monthly returns in the relevant Form I, K, L (Vatable goods), Form J (Non Vatable goods) and Form 1 and new dealers registering for obtaining Taxpayers Index Numbers shall file the returns electronically (e-filing) through the Commercial Taxes Department's website [www.tnvat.Gov.in](http://www.tnvat.Gov.in) on or before the mandated due dates.

*[Circular No.21/2015 D3/32639/2014 Dated: 25th May, 2015]*