
INDIRECT TAXES – NON TARIFF

1) CENTRAL EXCISE

E-Payment

The Central Excise Rules 2012 have been amended w.e.f. 01.10.14, to make mandatory E-Payment of Excise Duty for every Assessee, relaxation may be allowed by DC/AC on case to case basis; subject to certain exceptions & prescribed formalities.

Penalty For Late Payment

Penalty @ 1% payable per month or part thereof payable by assessee for delay in payment over due date for nonpayment of duty shown in return.

Valuation Rules

The Central Excise valuation (Determination of Price of Excisable Goods) Rules, 2000 has been amended w.e.f. from publication in the Official Gazette in certain cases –

“Provided that where price is not the sole consideration for sale of such excisable goods and they are sold by the assessee at a price less than manufacturing cost and profit, and no additional consideration is flowing directly or indirectly from the buyer to such assessee, the value of such goods will be deemed to be transaction value.”

Place of Removal Defined

A new sub rule (qa) inserted in Rule 2 of Cenvat Credit Rules 2004, **(w.e.f. 11.07.14)** to introduce the definition of ‘place of removal’

‘(qa) “place of removal” means-

- (i) a factory or any other place or premises of production or manufacture of the excisable goods;
- (ii) a warehouse or any other place or premises wherein the excisable goods have been permitted to be deposited without payment of duty;
- (iii) a depot, premises of a consignment agent or any other place or premises from where the excisable goods are to be sold after their clearance from the factory,

from where such goods are removed;’

Cenvat Credit

A manufacturer or the provider of output service shall not take Cenvat Credit after SIX months of the date of issue of invoice and other prescribed documents. **(W.E.F. – 01.09.14)**

In respect of Input Service where whole of service tax is liable to be paid by **recipient of service**, credit shall be allowed after the service tax is paid. **(W.E.F. – 01.09.14)**

In respect of an input service, where the service recipient is liable to pay a **part of the service tax** and the service provider is liable to pay the remaining part, the Cenvat credit in respect of such input service shall be allowed on or after the day on which payment is made of the value of input service and the service tax paid or payable as indicated in invoice, bill, challan or, as the case may be.

If the Service Tax or Input Service Value is not paid within 3 months from the date of invoice etc., the manufacturer or service provider who has taken credit on such input service, shall pay an amount equal to the Cenvat credit availed. In case the said payment is made subsequently credit can be taken for Cenvat credit paid earlier, subject to other provisions of the rules.

Provided that a manufacturer or the provider of output service, shall not take Cenvat Credit after SIX months of the date of issue of invoice and other prescribed documents.

Unit Quantity Codes – CETA

The schedules to the Customs and Central Excise Tariffs are being amended in respect of selected goods to match the Unit Quantity Codes prescribed therein with the ones that are actually used in trade and commerce to facilitate trade and improve data quality and compliance.

2) SERVICE TAX

Condition For Availing Abatement Under GTA Amended (With Immediate Effect)

The Service Receiver Under GTA can take abatement and pay Service Tax on 25% of the freight, without complying to the condition for abatement as below.

“CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken, under the provisions of the CENVAT Credit Rules, 2004.”

The condition has been amended as below and needs to be followed by the service provider only.

“CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken, by the service provider, under the provisions of the CENVAT Credit Rules, 2004.”

Service Tax On Service Portion of Works Contract (W.E.F. 1st October 14’)

Service Tax shall be charged on 70% on the Service provided under following Works Contract to avoid dispute of classification –

- (i) Maintenance or repair or reconditioning or restoration or servicing of any goods; or
- (ii) Maintenance or repair or completion and finishing services such as glazing or plastering or floor and wall tiling or installation of electrical fittings of immovable property

Service By Director To Body Corporate Under RCM (With Immediate Effect)

Service provided by a Director of a Company or a Body Corporate to a Company or a Body Corporate is being brought under the reverse charge mechanism; service receiver, who is a body corporate will be the person liable to pay service tax.

E-Payment (W.E.F. 1st October 14’)

E-Payment of S.T. is being made mandatory, relaxation may be allowed by DC/AC on case to case basis.

Interest On Delayed Payment (W.E.F. 1st October 14’) 12/2014

Interest on delay in payment of S.T. has been prescribed as follows –

Table

Sl.No.	Period of delay	Rate of simple interest
(1)	(2)	(3)
1.	Up to six months	18 per cent.
2.	More than six months and up to one year	18 per cent. for the first six months of delay and 24 per cent. for the delay beyond six months.
3.	More than one year	18 per cent. for the first six months of delay; 24 per cent. for the period beyond six months up to one year and 30 per cent. for any delay beyond one year.

The present rate of 18% interest will continue till 30th September 2014.

Point of Taxation Rules (W.E.F. 1st October 14')

The Point of Taxation Rules is being amended to provide that point of taxation in respect of reverse charge will be the payment date or the first date that occurs immediately after a period of three months from the date of invoice, whichever is earlier. The amendment will apply only to invoices issued after 1st October 2014. A transition rule is being prescribed.