Ease of Doing Business

In line with the objectives to facilitate trade and improve ease of doing business, the following measures have been taken by CBEC during last one year:

SERVICE TAX

- **Reduction in number of levies**: Education Cess and Secondary & Higher Education Cess on taxable services have been subsumed in Service Tax with effect from 01.06.2015. **[Sections 153, 159 of the Finance Act, 2015 read with notification No.14/2015-Service Tax, dated 19.05.2015 refers]**.

- **Registration in two days**: Registration in Service Tax to be granted within two working days. **[ORDER No. 1/2015-SERVICE TAX dated 28.02.2015 refers]**.

- **Time limit for taking CENVAT**: Time limit for taking CENVAT Credit of duty/tax paid on inputs and input services has been extended from six months to one year. **[Notification No.6/2015-Central Excise (N.T.), dated 01.03.2015 refers].**

- **Simplification in procedure for availment of Cenvat Credit in certain cases**: For availment of CENVAT credit of service tax paid under reverse charge mechanism, the condition of having made the payment of consideration to the service provider has been done away with. **[Notification No.6/2015-Central Excise (N.T.), dated 01.03.2015 refers].**

- **Rationalisation of penal provisions**: Penalty provisions in Service Tax have been rationalized to encourage compliance and early dispute resolution. **[Sections 113, 114, 115 of the Finance Act, 2015 refer].**

- **Digital signature and preserving records in electronic form**: Service Tax assessees have been allowed to issue digitally signed invoices and maintain other records electronically. **[Notification No.18/2015-Central Excise (N.T.), dated 06.07.2015 refers].**

- **Withdrawal of Prosecution in certain circumstances**: Instructions have been issued providing for withdrawal of prosecution where a noticee has been exonerated in the quasi-judicial proceedings and such order has attained finality. **[Circular No.998/05/2015-CX dated 28.02.2015 refers].**

- If the export proceeds are not received within the prescribed time period, the exporter has to reverse the Cenvat Credit. Re-credit of such reversed Cenvat credit has been allowed, if such export proceeds are received within one year from the specified period. **[Notification No.6/2015-Central Excise (N.T.), dated 01.03.2015 refers].**

- To bring certainty in the determination of point of taxation in case of reverse charge mechanism, it has been provided that point of taxation will be the payment date or three months from the date of invoice, whichever is earlier. **[Notification No.13/2014-Service Tax, dated 11.07.2014 refers]**.

B. Industry specific measures:

- Uniform abatement of 70% from gross value prescribed for transport by rail, road and vessel. Service Tax in all these cases will now be charged on 30% of the gross value of such service subject to non-availment of Cenvat Credit on inputs, capital goods and input services. **[Notification No.26/2012-Service Tax dated 20.06.2012, as amended by the notification No.8/2015-Service Tax dated 01.03.2015 refers].**

- To avoid disputes, exemption in respect of services provided to Government or local authority or governmental authority, by way of water supply, public health, sanitation conservancy, solid waste management or slum improvement and upgradation has been made more specific. **[Notification No.25/2012-Service Tax dated 20.06.2012, as amended by the notification No.6/2014-Service Tax dated 11.07.2014 refers].**

- Categories of works contracts have been rationalized to reduce litigation and improve compliance with a uniform service tax of 14% on 70% of the gross value of service. **[Notification No.11/2014-Service Tax dated 11.07.2014 refers].**

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Ease of Doing Business

In line with the objectives to facilitate trade and improve ease of doing business, the following measures have been taken by CBEC during last one year:

CENTRAL EXCISE

- **Reduction in number of levies**: Education Cess and Secondary & Higher Education Cess on excisable goods have been subsumed in Basic Excise duty. **[Notifications No.14/2015-Central Excise and No.15/2015-Central Excise, both dated 01.03.2015 refer]**.

- **Registration in two days**: Registration in Central Excise is to be granted within two working days. Verification of documents and premises to be carried out after the grant of the registration. **[Notification No.7/2015-Central Excise (N.T.), dated 01.03.2015 and Circular No.997/04/2015-CX dated 28.02.2015 refer].**

- **Digital signature and preserving records in electronic form**: Legal provisions have been amended to prescribe that a manufacturer may use digital signature on invoices and may preserve records in electronic format. Further, a notification and an instruction has been issued to prescribe procedure, safeguards and conditions for using digital signature on invoice and preserving documents in electronic format. **[Notification No.8/2015-Central Excise (N.T.), dated 01.03.2015, notification No.18/2015-Central Excise (N.T.) dated 06.07.2015 and instruction dated 06.07.2015 refer].**

- **Electronic payment of duty**: The facility of electronic payment of duty has been extended to all the Central Excise assessees. **[Notification No.19/2014-Central Excise (N.T.), dated 11.07.2014 refers].**

- **Time limit for taking CENVAT**: Time limit for taking CENVAT Credit of duty/tax paid on inputs and input services has been increased from six months to one year. **[Notification No.6/2015-Central Excise (N.T.), dated 01.03.2015 refers].**

- **Direct despatch of goods**: Facility of direct dispatch of goods by registered dealer from seller to customer's premises has been provided. Similar facility has also been allowed in respect of job-workers. Registered importer can also send goods directly to customer from the port of importation. **[Notification No.10/2015-Central Excise (N.T.), dated 01.03.2015 refers].** To add clarity to the issue - whether a dealer who is not issuing CENVATable invoice needs to take registration and bring goods to his godown, a Circular was issued to clarify that such dealers need not take registration or bring goods to the godown. **[Circular No.1003/10/2015-CX, dated 05.05.2015 refers]**.

- **Rationalisation of penal provisions**: Penalty provisions in Central Excise have been rationalised to encourage compliance and early dispute resolution. **[Sections 93, 94, of the Finance Act, 2015 refer].**

- **Payment of arrears in instalments**: Instructions have been issued to allow Chief Commissioners, Commissioners to allow payment of arrears in instalments. [**Circular No.996/03/2015-CX dated 28.02.2015 refers].**

- **Withdrawal of Prosecution in certain circumstances**: Instructions have been issued providing for withdrawal of prosecution with approval of the Chief Commissioner in cases where the adjudication proceeding as well as prosecution were launched on identical grounds and the person concerned has been exonerated in the adjudication proceeding on merits. **[Circular No.998/05/2015-CX dated 28.02.2015 refers].**

B. **Industry specific measures:**

- Trade and Industry Associations had represented that the field formations have issued show cause notices to the fertilizer companies seeking to levy excise duty on the subsidy component of price-controlled fertilizers in the light of the judgment of the Supreme Court in the case of CCE, Mumbai v/s/ M/s Fiat India Pvt. Limited [2012-TIOL-58-SC-CX]. It was clarified that in respect of fertilizers for which subsidy is provided by the Government, the excise duty will be chargeable on the MRP and not on the subsidy component provided by the Government. **[Circular No.983/7/2014-CX dated 10.07.2014 refers]**.

- Plants & Equipment supplied / imported prior to 2008 for use in projects financed by the UN or an international organization could not be transferred / sold out /re-exported from the project site. Amendments to the notification concerned were made which allowed such goods to be transferred / sold / re-exported from the project site subject to certain conditions. **[Notification No.84/97-Customs, dated 11.11.97 as amended vide notification No.22/2014-Customs, dated 11.07.2014 and notification No.108/95-Central Excise, dated 28.08.95 as amended vide notification No.11/2014-Central Excise, dated the 11.07.2014 refers].**

- All goods falling under any Chapter supplied against International Competitive Bidding (ICB) are fully exempt from excise duty, subject to the condition that such goods when imported are fully exempt from basic customs duty and additional duty of customs. Doubts were raised whether this excise duty exemption is available to sub-contractors who supply goods to the main contractor who has won the contract under ICB. It was clarified that the said exemption is also available to sub-contractors for manufacture and supply of goods to the main contractor who has won the contract for the project under ICB, subject to compliance of relevant conditions. [**J.S. (TRU-I) letter D.O.F.No.334/15/2014-TRU dated 10.07.2014 refers**].

- Goods manufactured domestically and supplied against International Competitive

Bidding are exempt from excise duty, if such goods when imported attract Nil customs duties. To ensure uniformity in assessment and avoid disputes, it was provided that if imported goods are eligible for Nil customs duites, subject to certain conditions, then the same conditions should also apply, mutatis mutandis, to such goods manufactured domestically and supplied against International Competitive Bidding for excise duty exemption. **[Condition No.41 of notification No.12/2012-Central Excise, dated 17.03.2012 as amended by notification No.12/2015-Central Excise, dated 01.03.2015refers].**

- Goods for setting up of specified Mega or Ultra Mega Power Projects (MPPS or UMPP) are fully exempt from excise subject to the condition that in case of goods for a Project for which certificate regarding Ultra Mega Power Project status is provisional, the Chief Executive Officer of the Project furnishes a bank guarantee or fixed deposit receipt for a term of 36 months or more. This condition was amended to prescribe furnishing of bank guarantee or fixed deposit receipts for a period of 42 months or 66 months in respect of MPPS or UMPPs respectively. **[Condition No.42(b) and 43(b) of Notification No.12/2012- Central Excise, dated 17.03.2012 as amended by notification No.12/2015-Central Excise, dated 01.03.2015 refers].**

- Henna powder or paste, not mixed with any other ingredient is fully exempt from central excise duty. Doubts were raised regarding the scope of the phrase “not mixed with any other ingredient”. It was clarified that the exemption is available to henna powder mixed with a liquid, so far that the liquid is a medium to change the form of henna powder into paste but excludes products like henna dye and such other products which are cosmetics. **[J.S. (TRU-I) letter D.O.F.No.334/15/2014-TRU dated 10.07.2014 refers].**