SUPPLEMENT TO DIRECT AND INDIRECT TAXATION

I. DIRECT TAXES

1. INCOME TAX

(A) AMENDMENTS TO THE INCOME-TAX ACT, 1961 BY THE FINANCE ACT, 2007

a) Rates of tax:

The rates of tax are same as applicable for A.Y.2007-08.

(i) The exemption is increased by Rs.10,000 in case of every individual, Hindu undivided family (HUF) or association of persons (AOP) or body of individuals (BOI), whether incorporated or not, or every artificial juridical person.

(i) In case of every individual other than referred to in items(ii) and (iii) or Hindu undivided family (HUF) or association of persons (AOP) or body of individuals (BOI), whether incorporated or not, or every artificial juridical person: Rs.1,10,000

(ii) In case of women resident in India and below the age of 65 years at any time during the P.Y. 2007-08: Rs.1,45,000

(iii) In case of every individual, being a resident in India, who is of the age of 65 years or more at any time during the P.Y. 2007-08: Rs.1,95,000

(ii) The rate and application of Surcharge are the same as applicable for A.Y.2007-08.

(iii) Education cess @ 3% of tax and surcharge will be levied.

b) Basic Concepts:

(i) Assessing Officer to include Additional Commissioner and Additional Director, with effect from the 1st day of June, 1994 [S.2(7A)]
Additional Commissioner means a person appointed to be an Additional Commissioner of Income-tax under sub-section (1) of section 117.
Additional Director means a person appointed to be an Additional Director of Income-tax under sub-section (1) of section 117.

(ii) Amendment of definition of 'India' with effect from the 25th day of August, 1976 [S.2(25A)] –
'India' means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and subsoil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and Other

Maritime Zones Act, 1976, and the air space above its territory and territorial waters

c) Residence and scope of total income:

(i) Contribution made by any employer to the pension scheme of Central Government deemed to be income received [S.7(iii), 17(1)(viii) & 80CCD]

(ii) Income deemed to accrue or arise in India to a non-resident by way of interest, royalty and fee for technical services to be taxed whether or not the non-resident has a residence or place of business or business connection in India, i.e. irrespective of territorial nexus, with effect from the 1st day of June, 1976 [*Explanation* to section 9]

d) Incomes which do not form part of total income:

(i) Exemption of compensation received on account of Disaster, with effect from the 1st day of April, 2005:
Any amount received or receivable from the Central Government or a State Government or a local authority by an individual or his legal heir by way of compensation on account of any disaster, except the amount received or receivable to the extent such individual or his legal heir has been allowed a deduction under this Act on account of any loss or damage caused by such disaster [S.10(10BC)]

(ii) Exemption of interest on notified bonds issued by State Pooled Finance Entities (which means such entity which is set up in accordance with the guidelines for the Pooled Finance Development Scheme notified by the Central Government in the Ministry of Urban Development), with effect from the 1st day of April, 2008 [S.10(15)(vii)]

(iii) Exemption of income of Secretariat of Asian Organisation of Supreme Audit Institutions for ten previous years relevant to the assessment years beginning on the 1st day of April, 2001 and ending on the 31st day of March, 2011, with effect from the 1st day of April, 2008 [S.10(23BBD)]

(iv) Exemption of income of Central Electricity Regulatory Commission, with effect from the 1st day of April, 2008 [S.10(23BBG)]

(v) Approval of prescribed authority required for exemption of funds/institutions established for charitable purposes [S.10(23C), 80E, 143(3) & 296]

(vi) Exemption of specified income of Investor Protection Fund set up by commodity exchanges, with effect from the 1st day of April, 2008 [S.10(23EC)]:
Any income, by way of contributions received from commodity exchanges and the members thereof, of such Investor Protection Fund set up by commodity

exchanges in India, either jointly or separately, as the Central Government may, by notification in the Official Gazette, specify in this behalf, provided that where any amount standing to the credit of the said Fund and not charged to income-tax during any previous year is shared, either wholly or in part, with a commodity exchange, the whole of the amount so shared shall be deemed to be the income of the previous year in which such amount is so shared and shall accordingly be chargeable to income-tax.

(vii) Pass through status restricted to investment in a venture capital undertaking engaged in specified businesses [S.10(23FB)]:
For the purpose of the provision, 'Venture capital undertaking' means such domestic company whose shares are not listed in a recognised stock exchange in India and which is engaged in the -

- (i) business of -
  - (A) nanotechnology;
  - (B) information technology relating to hardware and software development;
  - (C) seed research and development;
  - (D) bio-technology;
  - (E) research and development of new chemical entities in the pharmaceutical sector;
  - (F) production of bio-fuels;
  - (G) building and operating composite hotel-cum-convention centre with seating capacity of more than three thousand; or
  - (H) developing or operating and maintaining or developing, operating and maintaining any infrastructure facility as defined in the Explanation to clause (i) of sub-section (4) of section 80-IA; or
- (ii) dairy or poultry industry;

(viii) Restrictive conditions to apply for units in SEZ also for availing benefit u/s 10AA, with effect from the 10th day of February, 2006 [S.10AA]
This section applies to any undertaking, being the Unit, which fulfils all the following conditions, namely:-

- (i) it has begun or begins to manufacture or produce articles or things or provide services during the previous year relevant to the assessment year commencing on or after the 1st day of April, 2006 in any Special Economic Zone;
- (ii) it is not formed by the splitting up, or the reconstruction, of a business already in existence:
  This condition shall not apply in respect of any undertaking, being the Unit, which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as is referred to in section 33B, in the circumstances and within the period specified in that section;
- (iii) it is not formed by the transfer to a new business, of machinery or plant previously used for any purpose.

The provisions of Explanations 1 and 2 to sub-section (3) of section 80-IA shall apply for the purposes of clause (iii) of this sub-section as they apply for the purposes of clause (ii) of that sub-section.

e) Charitable or religious trusts and institutions:

(i) Removal of requirement to file an application for registration within one year of creation or establishment of the trust or institution, with effect from the 1st day of June, 2007 [S.12A & 12AA]

(ii) Exemption not to be denied to trusts investing in shares of a public sector company or shares prescribed as a form or mode of investment u/s 11(5)(xii), with effect from the 1st day of April, 1999 [S.13(1)]

f) Income from Salaries:

Deemed concession in the matter of rent, with effect from the 1st day of April, 2006 [S.17]
In a case where an unfurnished accommodation is provided by any employer other than the Central Government or any State Government the valuation of perquisite will be as follows:

Population of city as per 2001 census where accommodation is provided	Where the accommodation is owned by the employer
Exceeding 25 lakh	15% of salary in respect of the period during which the accommodation is occupied by the employee
Exceeding 10 lakh but not exceeding 25 lakh	10% of salary in respect of the period during which the accommodation is occupied by the employee
Any other	7.5% of salary in respect of the period during which the accommodation is occupied by the employee
Where the accommodation is taken on lease or rent by the employer: The amount of lease rent paid or payable or 15% of salary, whichever is lower.	

g) Profits and gains of business or profession:

(i) Increase in time limit for availing weighted deduction in respect of scientific research expenditure with effect from the 1st day of April, 2008 [S.35(2AB)] - Deduction available upto 31st day of March, 2012, extended by three years.

(ii) Medical insurance premium paid by the employer to insure the health of his employees to qualify for deduction if paid by any mode other than cash, with effect from the 1st day of April, 2008 [S.36(1)(ib)]

(iii) Co-operative banks to be allowed deduction in respect of provision for bad and doubtful debts, with effect from the 1st day of April, 2008 [S.36(1)(viia), 10(15)]

(iv) Restriction of deduction u/s 36(1)(viii) relating to transfer to any special reserve, with effect from the 1st day of April, 2008 [S.36(1)(viii)]
The amount of deduction is as follows:

(i) the amount transferred during the P.Y. to the special reserve account; or
(ii) 40% of the profits derived from the business activities u/s28 but before claiming deduction u/s36(1)(viii); or
(iii) 200% of paid-up share capital and general reserve as on the last date of the P.Y. minus the balance of the special reserve account as on the first day of the P.Y., whichever is lower.

(v) Withdrawal of deduction in respect of contribution towards Exchange Risk Administration Fund by public financial institutions, with effect from the 1st day of April, 2008 [S.36(1)(x)]

(vi) Central Government empowered to notify statutory corporations and body corporates for the purpose of u/s 36(1)(xii) relating to deduction of revenue expenditure incurred by entities established under any Central, State or Provincial Act, [S.36(1)(xii)]

(vii) Deduction of contribution by a public financial institution to notified credit guarantee fund trust for small industries, with effect from the 1st day of April, 2008 [S.36(1)(xiv)]

(viii) Disallowance of entire expenditure in respect of which payments exceeding Rs.20,000 have been made otherwise than by account payee cheque or account payee bank draft, with effect from the 1st day of April, 2008 [S.40A(3)]
Where an allowance has been made in the assessment for any year in respect of any liability incurred by the assessee for any expenditure and subsequently during any previous year (hereinafter referred to as subsequent year) the assessee makes payment in respect thereof, otherwise than by an account payee cheque drawn on a bank or account payee bank draft, the payment so made shall be deemed to be the profits and gains of business or profession and accordingly chargeable to income-tax as income of the subsequent year if the amount of payment exceeds twenty thousand rupees:
No disallowance shall be made and no payment shall be deemed to be the profits and gains of business or profession under this subsection where any payment in a sum exceeding twenty thousand rupees is made otherwise than by an account payee cheque drawn on a bank or account payee bank draft, in such cases and under such circumstances as may be prescribed, having regard to the nature and extent of banking facilities available, considerations of business expediency and other relevant factors.

(ix) Method of computing deduction in the case of business reorganization of co-operative banks, with effect from the 1st day of April, 2008 [S.44DB, 47 & 49]

(1) The deduction u/s 32, section 35D, section 35DD or section 35DDA shall, in a case where business reorganisation of a co-operative bank has taken place during the financial year, be allowed in accordance with the provisions of this section.

(2) The amount of deduction allowable to the predecessor co-operative bank u/s 32, section 35D, section 35DD or section 35DDA shall be determined in accordance with the formula: $A \; X \frac{B}{C}$

Where A = the amount of deduction allowable to the predecessor cooperative bank if the business reorganisation had not taken place;
B = the number of days comprised in the period beginning with the 1st day of the financial year and ending on the day immediately preceding the date of business reorganisation; and
C = the total number of days in the financial year in which the business reorganisation has taken place.

(3) The amount of deduction allowable to the successor co-operative bank u/s 32, section 35D, section 35DD or section 35DDA shall be determined in accordance with the formula: $A \; X \frac{B}{C}$

Where A = the amount of deduction allowable to the predecessor cooperative bank if the business reorganisation had not taken place;
B = the number of days comprised in the period beginning with the date of business reorganisation and ending on the last day of the financial year; and
C = the total number of days in the financial year in which the business reorganisation has taken place.

(4) The provisions of section 35D, section 35DD or section 35DDA shall, in a case where an undertaking of the predecessor co-operative bank entitled to the deduction under the said section is transferred before the expiry of the period specified therein to a successor co-operative bank on account of business reorganisation, apply to the successor co-operative bank in the financial years subsequent to the year of business reorganisation as they would have applied to the predecessor co-operative bank, as if the business reorganisation had not taken place.

h) Capital Gains:

(i) Transfer of drawings, paintings, sculptures etc. to attract capital gains tax, [S.2(14)]

(ii) The following transfers will not be regarded as 'Transfers" u/s 47, with effect from the 1st day of April, 2008:

(a) Clause (vica): any transfer in a business reorganisation, of a captial asset by the predecessor co-operative bank to the successor co-operative bank;

(b) Clause (vicb): any transfer by a shareholder, in a business reorganisation, of a capital asset being a share or shares held by him in the predecessor co-operative bank if the transfer is made in consideration of the allotment to him of any share or shares in the successor co-operative bank.

(iii) Cost of acquisition of specified securities and sweat equity shares shall be the fair market value which has been taken into account while computing the value of fringe benefits u/s115WC91)(ba), with effect from the 1st day of April, 2008 [S.49(2AB), 2(42A)]

(iv) Quantum of exemption u/s 54EC in respect of investment of capital gains in long-term specified assets restricted, with effect from the 1st day of April, 2008 [S.54EC]

The investment made on or after the 1st day of April, 2007 in the long-term specified asset by an assessee during any financial year does not exceed Rs.50 lakh.

'Long-term specified asset' for making any investment under this section on or after the 1st day of April, 2007 means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 by the National Highways Authority of India constituted u/s3 of the National Highways Authority of India Act, 1988(68 of 1988) or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956(1 of 1956)

i) Income from other sources:

Income to include gifts received by an individual u/s 56(2)(vi) [S.2(24)(xiv)]

j) Set-off and carry forward of losses:

(i) Scope of benefit u/s 72A expanded, with effect from the 1st day of April, 2008 [S.72A] - Carry forward and set off of losses and unabsorbed will apply in case of one or more public sector company or companies engaged in the business of operation of aircraft with one or more public sector companies in similar business.

(ii) Provisions relating to carry forward and set off of accumulated loss and unabsorbed depreciation allowance in business re-organization of co-operative banks, with effect from the 1st day of April, 2008 [S.72AB]

(1) The successor co-operative bank, shall, in a case where the amalgamation has taken place during the previous year, be allowed to set off the accumulated loss and the unabsorbed depreciation, if any, of the

predecessor cooperative bank as if the amalgamation had not taken place, and all the other provisions of this Act relating to set off and carry forward of loss and allowance for depreciation shall apply accordingly.

(2) The provisions of this section shall apply if -

(a) the predecessor co-operative bank -

(i) has been engaged in the business of banking for three or more years; and

(ii) has held at least three-fourths of the book value of fixed assets as on the date of the business reorganisation, continuously for two years prior to the date of business reorganisation;

(b) the successor co-operative bank -

(i) holds at least three-fourths of the book value of fixed assets of the predecessor co-operative bank acquired through business reorganisation, continuously for a minimum period of five years immediately succeeding the date of business reorganisation;

(ii) continues the business of the predecessor co-operative bank for a minimum period of five years from the date of business reorganisation; and

(iii) fulfils such other conditions as may be prescribed to ensure the revival of the business of the predecessor co-operative bank or to ensure that the business reorganisation is for genuine business purpose.

(3) In case of demerger: The amount of set-off of the accumulated loss and unabsorbed depreciation, if any, allowable to the assessee being a resulting co-operative bank shall be -

(i) the accumulated loss or unabsorbed depreciation of the demerged cooperative bank if the whole of the amount of such loss or unabsorbed depreciation is directly relatable to the undertakings transferred to the resulting co-operative bank; or

(ii) the amount which bears the same proportion to the accumulated loss or unabsorbed depreciation of the demerged co-operative bank as the assets of the undertaking transferred to the resulting co-operative bank bears to the assets of the demerged co-operative bank if such accumulated loss or unabsorbed depreciation is not directly relatable to the undertakings transferred to the resulting co-operative bank.

(4) The Central Government may, for the purposes of this section, by notification in the Official Gazette, specify such other conditions as it considers necessary, other than those prescribed under sub-clause (iii) of clause (b) of sub-section (2), to ensure that the business reorganisation is for genuine business purposes.

(5) The period commencing from the beginning of the previous year and ending on the date immediately preceding the date of business reorganisation, and the period commencing from the date of such business

reorganisation and ending with the previous year shall be deemed to be two different previous years for the purposes of set-off and carry forward of loss and allowance for depreciation.

(6) In a case where the conditions specified in sub-section (2) or notified under sub-section (4) are not complied with, the set-off of accumulated loss or unabsorbed depreciation allowed in any previous year to the successor co-operative bank shall be deemed to be the income of the successor cooperative bank chargeable to tax for the year in which the conditions are not complied with.

(7) For the purposes of this section -

(a) "accumulated loss" means so much of loss of the amalgamating cooperative bank or the demerged co-operative bank, as the case may be, under the head "Profits and gains of business or profession" (not being a loss sustained in a speculation business) which such amalgamating cooperative bank or the demerged co-operative bank, would have been entitled to carry forward and setoff under the provisions of section 72 as if the business reorganisation had not taken place;

(b) "unabsorbed depreciation" means so much of the allowance for depreciation of the amalgamating co-operative bank or the demerged cooperative bank, as the case may be, which remains to be allowed and which would have been allowed to such bank as if the business reorganisation had not taken place;

(c) the expressions "amalgamated co-operative bank", "amalgamating co-operative bank", "amalgamation", "business reorganisation", "cooperative bank", "demerged co-operative bank", "demerger", "predecessor co-operative bank", "successor co-operative bank" and "resulting co-operative bank" shall have the meanings respectively assigned to them in section 44DB.

k) Deductions from Gross Total Income:

(i) Furnishing return of income on or before due date mandatory for claiming exemption u/ss 80-ID and 80-IE also [S.80AC]

(ii) Subscription to notified bonds of NABARD to qualify for deduction u/s 80C [S.80C]

(iii) Deduction for medical insurance premium with effect from the 1st day of April, 2008 [S.80D]

(i) The premium paid by him by any mode of payment other than cash is allowable for deduction.

(ii) The amount of deduction has been increased from Rs. 10,000 to Rs.15,000, in case of senior citizens from Rs.15,000 to Rs.20,000.

(iv) Deduction in respect of interest on loan for higher education of spouse/ children, with effect from the 1st day of April, 2008 [S.80E]

(i) The deduction is available in respect of loan for the purpose of higher education of his relative of the individual (which means the spouse and children of that individual).

(ii) The loan can be taken from approved charitable institutions as approved by the prescribed authority.

(v) Widening of scope of benefit and extension of time limit u/s 80-IA, with effect from the 1st day of April, 2008 [S.80-IA]

The deduction is also available to an undertaking which lays and begins to operate a cross-country natural gas distribution network.

Any undertaking carrying on the business of laying and operating a cross-country natural gas distribution network, including pipelines and storage facilities being an integral part of such network, which fulfils the following conditions, namely -

(a) it is owned by a company registered in India or by a consortium of such companies or by an authority or a board or a corporation established or constituted under any Central or State Act;

(b) it has been approved by the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3 of the Petroleum and Natural Gas Regulatory Board Act, 2006(19 of 2006) and notified by the Central Government in the Official Gazette;

(c) one-third of its total pipeline capacity is available for use on common carrier basis by any person other than the assessee or an associated person;

(d) it has started or starts operating on or after the 1st day of April, 2007; and,

(e) any other condition which may be prescribed.

(vi) Denial of transfer of benefit of deduction u/s 80-IA to the amalgamated/resulting company, with effect from the 1st day of April, 2008 [S.80-IA(12A)] - The benefit of deduction will not be available to the amalgamated or resulting company if the undertaking or enterprise is transferred in a scheme of amalgamation or demerger on or after 1st day of April, 2007.

(vii) Works contractor not entitled to benefit of deduction u/s 80-IA, with effect from the 1st day of April, 2008 [S.80-IA(13)]

(vii) Extension of time limit for industries in the State of Jammu and Kashmir for the purpose of tax holiday u/s 80-IB, with effect from the 1st day of April, 2008 [S.80-IB] – The tax holiday has been extended to 31st day of March, 2012, with effect from the 1st day of April, 2008.

(viii) Tax holiday in respect of profits and gains from the business of hotel or business of building, owning and operating a convention centre in NCR, with effect from the 1st day of April, 2008 [S.80-ID]

(1) Where the gross total income of an assessee includes any profits and gains derived by an undertaking from any business referred to in sub-

section (2) (such business being hereinafter referred to as the eligible business), there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to 100% of the profits and gains derived from such business for five consecutive assessment years beginning from the initial assessment year.

(2) This section applies to any undertaking -

(i) engaged in the business of hotel located in the specified area, if such hotel is constructed and has started or starts functioning at any time during the period beginning on the 1st day of April, 2007 and ending on the 31st day of March, 2010; or

(ii) engaged in the business of building, owning and operating a convention centre, located in the specified area, if such convention centre is constructed at any time during the period beginning on the 1st day of April, 2007 and ending on the 31st day of March, 2010.

(3) The deduction under sub-section (1) shall be available only if -

(i) the eligible business is not formed by the splitting up, or the reconstruction, of a business already in existence;

(ii) the eligible business is not formed by the transfer to a new business of a building previously used as a hotel or a convention centre, as the case may be;

(iii) the eligible business is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation.--The provisions of Explanations 1 and 2 to sub-section (3) of section 80-IA shall apply for the purposes of clause (iii) of this subsection as they apply for the purposes of clause (ii) of that subsection;

(iv) the assessee furnishes along with the return of income, the report of an audit in such form and containing such particulars as may be prescribed, and duly signed and verified by an accountant, as defined in the Explanation below sub-section (2) of section 288, certifying that the deduction has been correctly claimed.

(4) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee, no deduction shall be allowed under any other section contained in Chapter VIA or section 10AA, in relation to the profits and gains of the undertaking.

(ix) Tax holiday in respect of profits and gains from eligible business of certain undertakings in North-Eastern States, with effect from the 1st day of April, 2008 [S.80-IE]

(1) Where the gross total income of an assessee includes any profits and gains derived by an undertaking, to which this section applies, from any business referred to in sub-section (2), there shall be allowed, in computing the total income of the assessee, a deduction of an amount equal to 100% of the profits and gains derived from such business for ten

consecutive assessment years commencing with the initial assessment year.

(2) This section applies to any undertaking which has, during the period beginning on the 1st day of April, 2007 and ending before the 1st day of April, 2017, begun or begins, in any of the North-Eastern States -

(i) to manufacture or produce any eligible article or thing;

(ii) to undertake substantial expansion to manufacture or produce any eligible article or thing;

(iii) to carry on any eligible business.

(3) This section applies to any undertaking which fulfils all the following conditions, namely -

(i) it is not formed by splitting up, or the reconstruction, of a business already in existence:

Provided that this condition shall not apply in respect of an undertaking which is formed as a result of the re-establishment, reconstruction or revival by the assessee of the business of any such undertaking as referred to in section 33B, in the circumstances and within the period specified in the said section;

(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose.

Explanation -The provisions of Explanations 1 and 2 to sub-section (3) of section 80-IA shall apply for the purposes of clause (ii) of this subsection as they apply for the purposes of clause (ii) of that sub-section.

(4) Notwithstanding anything contained in any other provision of this Act, in computing the total income of the assessee, no deduction shall be allowed under any other section contained in Chapter VIA or in section 10A or section 10AA or section 10B or section 10BA, in relation to the profits and gains of the undertaking.

(5) Notwithstanding anything contained in this Act, no deduction shall be allowed to any undertaking under this section, where the total period of deduction inclusive of the period of deduction under this section, or u/s 80-IC or under the second proviso to sub-section (4) of section 80-IB or u/s 10C, as the case may be, exceeds ten assessment years.

(6) The provisions contained in sub-section (5) and sub-section (7) to (12) of section 80-1A shall, so far as may be, apply to the eligible undertaking under this section.

(7) For the purposes of this section -

(i) 'initial assessment year' means the assessment year relevant to the previous year in which the undertaking begins to manufacture or produce articles or things, or completes substantial expansion;

(ii) 'North-Eastern States' means the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura;

(iii) 'substantial expansion' means increase in the investment in the plant and machinery by at least twenty-five per cent of the book value of plant and machinery (before taking depreciation in any year), as on the first day of the previous year in which the substantial expansion is undertaken;

(iv) ‘eligible article or thing’ means the article or thing other than the following -

(a) goods falling under Chapter 24 of the First Schedule to the Central Excise Tariff Act, 1985(5 of 1986), which pertains to tobacco and manufactured tobacco substitutes;

(b) pan masala as covered under Chapter 21 of the First Schedule to the Central Excise Tariff Act, 1985(5 of 1986);

(c) plastic carry bags of less than 20 microns as specified by the Ministry of Environment and Forests vide notification number S.O. 705(E), dated the 2nd September, 1999 and S.O. 698(E), dated the 17th June, 2003; and

(d) goods falling under Chapter 27 of the First Schedule to the Central Excise Tariff Act, 1985(5 of 1986), produced by petroleum oil or gas refineries;

(v) ‘eligible business’ means the business of -

(a) hotel (not below two star category);

(b) adventure and leisure sports including ropeways;

(c) providing medical and health services in the nature of nursing home with a minimum capacity of twenty-five beds;

(d) running an old-age home;

(e) operating vocational training institute for hotel management, catering and food craft, entrepreneurship development, nursing and paramedical, civil aviation related training, fashion designing and industrial training;

(f) running information technology related training centre;

(g) manufacturing of information technology hardware; and

(h) bio-technology.

l) Transfer Pricing:

Order of Transfer Pricing Officer now binding on the Assessing Officer, with effect from the 1st day of June, 2007 [S.92CA, 153 & 153B]

m) Assessment of various entities:

(i) Levy of minimum alternate tax (MAT) on units claiming exemption u/s 10A and 10B also, with effect from the 1st day of April, 2008 [S.115JB]

(ii) Increase in rate of tax on distributed profits (Dividend tax) from 10% to 15%, with effect from the 1st day of April, 2008 [S.115-O]

(iii) Increase in rate of tax on distributed income to unit holders, with effect from the 1st day of April, 2008 [S.115R]

(a) Income distribution in respect of money market mutual fund or liquid fund is 25%

(b) Income distribution in respect of any other mutual fund –

(i) when the unit holder is an individual or a HUF is 12.5%.

(ii) when the unit holder is any other person is 20%.

n) Income-tax on fringe benefits:

(i) Fringe Benefit Tax (FBT) exemption extended to expenditure on advertisement by way of display of products and distribution of free samples [S.115WB(2)(D)]

(ii) FBT liability extended to stock options also [S.115WB(1), 115WC(1), 17(2)(iii) & 115WKA]

(iii) Advance tax liability in respect of fringe benefits [S.115WJ(2) to (5)]

In section 115 WJ of the Income-tax Act, for sub-sections (2) and (5), the following sub-sections shall be substituted with effect from the 1st day of June, 2007, namely -

(1) Advance tax on the current fringe benefits shall be payable by -

(a) All the companies, who are liable to pay the same in four instalments during each financial year and the due date of each instalment and the amount of such instalment shall be as specified in the table as below:

Due date of instalment	Amount payable
On or before the 15th June	Not less than 15% of such advance tax.
On or before the 15th September	Not less than 45% of such advance tax as reduced by the amount, if any, paid in the earlier instalment.
On or before the 15th December	Not less than 75% of such advance tax as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments.
On or before the 15th March	The whole amount of such advance tax as reduced by the amount or amounts, if any, paid in the earlier instalment or instalments;

(b) All the assessees (other than companies), who are liable to pay the same in three instalments during each financial year and the due date of each instalment and the amount of such instalment shall be as specified in table as below:

Due date of instalment	Amount payable
On or before the 15th September	Not less than 30% of such advance tax.
On or before the 15th December	Not less than 60% of such advance tax as reduced by the amount, if any, paid in the earlier instalment.
On or before the 15th March	The whole amount of such advance tax as

	reduced by the amount or amounts, if any, paid in the earlier instalment or instalments.

(2) where an assessee, being a company, has failed to pay the advance tax payable by him on or before the due date for any instalment or where the advance tax paid by him is less than the amount payable by the due date, he shall be liable to pay simple interest calculated at the rate of -

(i) 1% per month, for three months on an amount by which the advance tax paid on or before the 15th June of the financial year falls short of 15% of the advance tax payable;

(ii) 1% per month, for three months on an amount by which the advance tax paid on or before the 15th September of the financial year falls short of 45% of the advance tax payable;

(iii) 1% per month, for three months on an amount by which the advance tax paid on or before the 15th December of the financial year falls short of 75% of the advance tax payable; and

(iv) 1% on an amount by which the advance tax paid on or before the 15th March of the financial year falls short of the 100% of the advance tax payable.

(3) Where an assessee, being a person other than a company, has failed to pay the advance tax payable by him on or before the due date for any instalment or where the advance tax paid by him is less than the amount payable by the due date, he shall be liable to pay simple interest calculated at the rate of -

(i) 1% per month, for three months on an amount by which the advance tax paid on or before the 15th September of the financial year falls short of 30% of the advance tax payable;

(ii) 1% per month, for three months on an amount by which the advance tax paid on or before the 15th December of the financial year falls short of 60% of the advance tax payable; and

(iii) 1% on an amount by which the advance tax paid on or before the 15th March of the financial year falls short of 100% of the advance tax payable.

(4) Where an assessee has failed to pay the advance tax payable by him during a financial year or where the advance tax paid by him is less than 90% of the tax assessed u/s 115 WE or section 115 WF or section 115 WG, the assessee shall be liable to pay simple interest at the rate of 1% per month, for every month or part of a month comprised in the period from the 1st day of April next following such financial year to the date of assessment of tax u/s 115 WE or section 115 WF or section 115 WG.

(iv) Interest for deferment of advance FBT in the case of corporate assesses shall be liable to pay simple interest at the rate of 1% per month [S.115WJ(3)]

(v) Interest for deferment of advance FBT in the case of non-corporate assesses shall be liable to pay simple interest at the rate of 1% per month [S.115WJ(4)]

(vi) Recovery of fringe tax by the employer from the employee [S. 115WKA]:
Notwithstanding anything contained in any agreement or scheme under which any specified security or sweat equity shares referred to in clause (d) of sub-section (1) of section 115 WB has been allotted or transferred, directly or indirectly, by the employer on or after the 1st day of April, 2007, it shall be lawful for the employer to vary the agreement or scheme under which such specified security or sweat equity shares has been allotted or transferred so as to recover from the employee the fringe benefit tax to the extent to which such employer is liable to pay the fringe benefit tax in relation to the value of fringe benefits provided to the employee and determined under clause (ba) of sub-section (1) of section 115WC.

o) Income-tax Authorities:

(i) Additional Commissioner and Additional Director may exercise the powers/ perform the functions conferred on or assigned to the Assessing Officer [S.120(4)]

(ii) Change of method for calculation of interest from per annum basis to per month basis $1\frac{1}{2}\%$ for every month or part of a month [S.132B(4), 201(1A), 245D]

p) Assessment Procedure:

(i) Power of CBDT to dispense with furnishing documents etc. [S.139C]
CBDT has the following powers:

(1) The Board may make rules providing for a class or classes of persons who may not be required to furnish documents, statements, receipts, certificates, reports of audit or any other documents, which are otherwise under any other provisions of this Act, except section 139D, required to be furnished, along with the return but on demand to be produced before the Assessing Officer.

(2) Any rule made under the proviso to sub-section (9) of section 139 as it stood immediately before its omission by the Finance Act, 2007 shall be deemed to have been made under the provisions of this section.

(ii) Power of CBDT to filing of return in electronic form [S.139D]
The Board may make rules providing for -

(a) the class or classes of persons who shall be required to furnish the return in electronic form;

(b) the form and the manner in which the return in electronic form may be furnished;

(c) the documents, statements, receipts, certificates or audited reports which may not be furnished along with the return in electronic form but shall be produced before the Assessing Officer on demand;

(d) the computer resource or the electronic record to which the return in electronic form may be transmitted.

(iii) Assessee to be given an opportunity of being heard before issuing directions for special audit [S.142(2A)]

(iv) In case the assessment year in which the income was first assessable is the assessment year commencing on the 1st day of April, 2005 or any subsequent assessment year and during the course of the proceeding for the assessment of total income, a reference under subsection (1) of section 92CA -

(i) was made before the 1st day of June, 2007 but an order under subsection (3) of that section has not been made before such date; or

(ii) is made on or after the 1st day of June, 2007,

the assessment will be completed instead of two years in thirty-three months.[S.153(1)]

(v) Where the notice u/s 148 was served on or after the 1st day of April, 2006 and during the course of the proceedings for the assessment or reassessment or recomputation of total income, a reference under sub-section (1) of section 92CA-

(i) was made before the 1st day of June, 2007 but an order under sub-section (3) of that section has not been made before such date; or

(ii) is made on or after the 1st day of June, 2007,

the assessment will be completed instead of one year in twenty one months.[S.153(2)]

(vi) Where the order u/s254 is received by the Chief Commissioner or Commissioner or, as the case may be, the order u/s263 or section 264 is passed by the Commissioner on or after the 1st day of April, 2006, and during the course of the proceedings for the fresh assessment of total income, a reference under sub-section (1) of section 92CA -

(i) was made before the 1st day of June, 2007 but an order under subsection (3) of section 92CA has not been made before such date; or

(ii) is made on or after the 1st day of June, 2007,

the assessment will be completed instead of one year in twenty one months.[S.153(3)]

(vii) In case where the last of the authorisations for search u/s132 or for requisition u/s132A was executed during the financial year commencing on the 1st day of April, 2005 or any subsequent financial year and during the course of the proceedings for the assessment or reassessment of total income, a reference under sub-section (1) of section 92CA -

(i) was made before the 1st day of June, 2007 but an order u/s(5) of section 92CA has not been made before such date; or

(ii) is made on or after the 1st day of June, 2007,

the assessment will be completed instead of two years in thirty-three months.

(viii) In case where the last of the authorisations for search u/s132 or for requisition u/s 132A was executed during the financial year commencing on the 1st day of April, 2005 or any subsequent financial year and during the course of the proceedings for the assessment or reassessment of total income in case of other person referred to in section 153C, a reference under sub-section (1) of section 92CA -

(i) was made before the 1st day of June, 2007 but an order under subsection (3) of section 92CA has not been made before such date; or

(ii) is made on or after the 1st day of June, 2007,

the period of limitation for making the assessment or reassessment in case of such other person shall, notwithstanding anything contained in clause (ii) of the second proviso, be the period of thirty-three months from the end of the financial year in which the last of the authorisations for search u/s 132 or for requisition u/s 132A was executed or twenty one months from the end of the financial year in which books of account or documents or assets seized or requisitioned are handed over u/s 153C to the Assessing Officer having jurisdiction over such other person, whichever is later.

(viii) Prior approval of Joint Commissioner required for assessment or reassessment in respect of search cases [S.153D]

(ix) Time limit for completion of assessment of shipping business of non-residents [S.172]

No order assessing the income and determining the sum of tax payable thereon shall be made under sub-section (4) after the expiry of nine months from the end of the financial year in which the return under sub-section (3) is furnished:

Provided that where the return under sub-section (3) has been furnished before the 1st day of April, 2007, such order shall be made on or before the 31st day of December, 2008.

q) Collection and recovery of tax:

(i) Deduction of tax at source from interest on securities:

With effect from the 1st day of June, 2007, tax shall be deducted on interest exceeding rupees ten thousand, payable on 8% Savings (Taxable) Bonds, 2003 during the financial year. [S.193]

(ii) Deduction of tax at source from interest other than interest on securities:

With effect from the 1st day of June, 2007, tax shall be deducted if interest exceeds -

(a) Rs.10,000, where the payer is a banking company to which the Banking Regulation Act, 1949(10 of 1949) applies (including any bank or banking institution, referred to in section 51 of that Act);

(b) Rs.10,000, where the payer is a co-operative society engaged in carrying on the business of banking;

(c) Rs.10,000, on any deposit with post office under any scheme framed by the Central Government and notified by it in this behalf; and
(d) Rs.5,000, in any other case. [S.194A]

(iii) Deduction of tax at source from payments to contractors or sub-contractors:
With effect from the 1st day of June, 2007, any person responsible for paying any sum to any resident (hereinafter in this section referred to as the contractor) for carrying out any work (including supply of labour for carrying out any work) in pursuance of a contract between the contractor and -

(a) the Central Government or any State Government; or
(b) any local authority; or
(c) any corporation established by or under a Central, State or Provincial Act; or
(d) any company; or
(e) any co-operative society; or
(f) any authority, constituted in India by or under any law, engaged either for the purpose of dealing with and satisfying the need for housing accommodation or for the purpose of planning, development or improvement of cities, towns and villages, or for both; or
(g) any society registered under the Societies Registration Act, 1860(21 of 1960) or under any law corresponding to that Act in force in any part of India; or
(h) any trust; or
(i) any university established or incorporated by or under a Central, State or Provincial Act and an institution declared to be a university u/s 3 of the University Grants Commission Act, 1956(3 of 1956); or
(j) any firm; or
(k) any individual or a Hindu undivided family, whose total sales, gross receipts or turnover from the business or profession carried on by him exceed the monetary limits specified under clause (a) or clause (b) of section 44AB during the financial year immediately preceding the financial year in which such sum is credited or paid to the account of the contractor,

shall, at the time of credit of such sum to the account of the contractor or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to -

(i) 1% in case of advertising,
(ii) in any other 2%,

of such sum as income-tax on income comprised therein:
No individual or a Hindu undivided family shall be liable to deduct income-tax on the sum credited or paid to the account of the contractor where such sum is credited or paid exclusively for personal purposes of such individual or any member of Hindu undivided family.

(iv) Deduction of tax at source from commission or brokerage:

With effect from the 1st day of June, 2007,the rate of tax has been increased from 5% to 10%;
No deduction shall be made under this section on any commission or brokerage payable by Bharat Sanchar Nigam Limited or Mahanagar Telephone Nigam Limited to their public call office franchisees.[S.194H]

(v) Deduction of tax at source from rent:
With effect from the 1st day of June, 2007, the rate of deduction of tax shall be as follows:

(a) 10% for the use of any machinery or plant or equipment;
(b) 15% for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings where the payee is an individual or a Hindu undivided family; and
(c) 20% for the use of any land or building (including factory building) or land appurtenant to a building (including factory building) or furniture or fittings where the payee is a person other than an individual or a Hindu undivided family.[S.194-I]

(vi) Deduction of tax at source from fees for professional or technical services, royalty, etc.:
With effect from the 1st day of June, 2007 the rate of tax has been increased from 5% to 10%.[S.194J]

(vii) In case of failure to deduct or pay tax at source will attract interest at the rate of 1% for every month or part of a month, with effect from the 1st day of April, 2008. [S.201(1A)]

(ii) Insertion of Explanations to S.206C [S.206C(1C)]:
With effect from the 1st day of June, 2007, for the purposes of this sub-section, “mining and quarrying” shall not include mining and quarrying of mineral oil and “mineral oil” includes petroleum and natural gas.

r) Settlement of cases:

(i) Settlement Commission to include senior member of Bench. [S.245A(g)]

(ii) Admission of Petition [S.245D(1)]
With effect from the 1st day of June, 2007, on receipt of an application u/s 245C, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant requiring him to explain as to why the application made by him be allowed to be proceeded with, and on hearing the applicant, the Settlement Commission shall, within a period of fourteen days from the date of the application, by an order in writing, reject the application or allow the application to be proceeded with:

No order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.

(iii) Deemed date of admission/disposal of Settlement applications made before 1.6.2007 [S.245D(2A)]
With effect from the 1st day of June, 2007, where an application was made u/s 245C before the 1st day of June, 2007, but an order under the provisions of sub-section (1) of this section, as they stood immediately before their amendment by the Finance Act, 2007, has not been made before the 1st day of June, 2007, such application shall be deemed to have been allowed to be proceeded with if the additional tax on the income disclosed in such application and the interest thereon is paid on or before the 31st day of July, 2007.
In respect of the application referred to in this sub-section, the 31st day of July, 2007 shall be deemed to be the date of the order of rejection or allowing the application to be proceeded with under subsection (1).

(iv) Time limit for furnishing report by Commissioner and passing order by the Settlement Commission [S.245D(2B)]
The Settlement Commission shall -

(i) in respect of an application which is allowed to be proceeded with under sub-section (1), within thirty days from the date on which the application was made; or

(ii) in respect of an application referred to in sub-section (2A) which is deemed to have been allowed to be proceeded with under that subsection, on or before the 7th day of August, 2007,

call for a report from the Commissioner, and the Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission.

(v) Passing order by the Settlement Commission [S.245D(2C)]
Where a report of the Commissioner called for under sub-section (2B) has been furnished within the period specified therein, the Settlement Commission may, on the basis of the report and within a period of fifteen days of the receipt of the report, by an order in writing, declare the application in question as invalid, and shall send the copy of such order to the applicant and the Commissioner:
An application shall not be declared invalid unless an opportunity has been given to the applicant of being heard:
Where the Commissioner has not furnished the report within the aforesaid period, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(vi) Status of pending settlement applications as on 1st June 2007, which are already admitted under the old provisions [S.245D(2D)]
Where an application was made under sub-section (1) of section 245C before the 1st day of June, 2007 and an order under the provisions of subsection (1) of this

section, as they stood immediately before their amendment by the Finance Act, 2007, allowing the application to have been proceeded with, has been passed before the 1st day of June, 2007, but an order under the provisions of sub-section (4), as they stood immediately before their amendment by the Finance Act, 2007, was not passed before the 1st day of June, 2007, such application shall not be allowed to be further proceeded with unless the additional tax on the income disclosed in such application and the interest thereon, is, notwithstanding any extension of time already granted by the Settlement Commission, paid on or before the 31st day of July, 2007.

(vii) Proceedings after admission [S.245D(3)]
With effect from the 1st day of June, 2007, the Settlement Commission, in respect of -

(i) an application which has not been declared invalid under subsection (2C); or

(ii) an application referred to in sub-section (2D) which has been allowed to be further proceeded with under that sub-section,

may call for the records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the
application and any other matter relating to the case, and the Commissioner shall furnish the report within a period of ninety days of the receipt of communication from the Settlement Commission:
Where the Commissioner does not furnish the report within the aforesaid period, the Settlement Commission may proceed to pass an order under sub-section (4) without such report.

(viii) Final order of settlement [S.245D(4)]
After examination of the records and the report of the Commissioner, if any, received under -

(i) sub-section (2B) or sub-section (3), or

(ii) the provisions of sub-section (1) as they stood immediately before their amendment by the Finance Act, 2007,

and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorized in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner.

(ix) Time limit of Final order of settlement [S.245D(4A)]
The Settlement Commission shall pass an order under sub-section -

(i) in respect of an application referred to in sub-section (2A) or subsection (2D), on or before the 31st day of March, 2008;
(ii) in respect of an application made on or after the 1st day of June, 2007, within twelve months from the end of the month in which the application was made.

(x) Revision in the rate of interest [S.245D(6A)]
With effect from the 1st day of April, 2007, the rate of interest has been changed from 15% per annum to $1\frac{1}{4}$% per month.

(xi) Time restriction of two years for provisional attachment removed, with effect from the 1st day of June, 2007 [S.245DD]

(xii) No power to reopen cases where application is made on or after 1.6.2007 [S.245E]
With effect from the 1st day of June, 2007, no proceeding shall be reopened by the Settlement Commission under this section in a case where an application u/s 245C is made on or after the 1st day of June, 2007.

(xiii) Exclusive jurisdiction of the Settlement Commission [S.245F]
With effect from the 1st day of June, 2007, namely -
Where an application has been made u/s 245C on or after the 1st day of June, 2007, the Settlement Commission shall have such exclusive jurisdiction from the date on which the application was made:
Where -

(i) an application made on or after the 1st day of June, 2007, is rejected under sub-section (1) of section 245D; or
(ii) an application is not allowed to be proceeded with under sub-section (2A) of section 245D, or, as the case may be, is declared invalid under subsection (2C) of that section; or
(iii) an application is not allowed to be further proceeded with under subsection (2D) of section 245 D,

the Settlement Commission, in respect of such application shall have such exclusive jurisdiction up to the date on which the application is rejected, or, not allowed to be proceeded with, or, declared invalid, or, not allowed to be further proceeded with, as the case may be.

(xiv) Power of Settlement Commission to grant immunity from prosecution restricted [S.245H]
With effect from the 1st day of June, 2007, namely -
The Settlement Commission shall not grant immunity from prosecution for any offence under the Indian Penal Code or under any Central Act other than this Act and the Wealth-tax Act, 1957(45 of 1860) to a person who makes an application u/s 245C on or after the 1st day of June, 2007.

(xv) Abatement of proceeding before the Settlement Commission [S.245HA & 245HAA]

(1) Where -

(i) an application made u/s 245C on or after the 1st day of June, 2007 has been rejected under sub-section (1) of section 2145D; or

(ii) an application made u/s 245C has not been allowed to be proceeded with under sub-section (2A) or further proceeded with under subsection (2D) of section 245 D; or

(iii) an application made u/s 245C has been declared as invalid under sub-section (2C) of section 245D; or

(iv) in respect of any other application made u/s 245C, an order under sub-Section (4) of section 245D has not been passed within the time or period specified under sub-section (4A) of section 245D,

the proceedings before the Settlement Commission shall abate on the specified date.

'Specified date' means -

(a) in respect of an application referred to in clause (i), the day on which the application was rejected;

(b) in respect of an application referred to in clause (ii'), the 31st day of July, 2007;

(c) in respect of an application referred to in clause (iii), the last day of the month in which the application was declared invalid;

(d) in respect of an application referred to in clause (iv), on the date on which the time or period specified in sub-section (4A) of section 245D expires.

(2) Where a proceeding before the Settlement Commission abates, the Assessing Officer, or, as the case may be, any other income-tax authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application u/s 245C had been made.

(3) For the purposes of sub-section (2), the Assessing Officer, or, as the case may be, other income-tax authority, shall be entitled to use all the material and other information produced by the assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in the course of the proceedings before it, as if such material, information, inquiry and evidence had been produced before the Assessing Officer or other income-tax authority or held or recorded by him in the course of the proceedings before him.

(4) For the purposes of the time-limit u/ss 149, 153, 153B, 154, 155, 158BE and 231 and for the purposes of payment of interest u/s 243 or 244 or, as the case may be, section 244A, for making the assessment or reassessment under sub-section (2), the period commencing on and from the date of the application to the Settlement Commission u/s 245C and ending with "specified date" referred to in sub-section (1) shall be excluded; and where the assessee is a firm, for the purposes of the time-limit for cancellation of registration of the firm under sub-section (1) of section 186, the period aforesaid shall, likewise, be excluded.

(xvi) Credit for tax paid in case of abatement of proceeding [S.245HAA]
Where an application made u/s 245C on or after the 1st day of June, 2007, is rejected under sub-section (1) of section 245D, or any other application made u/s 245C is not allowed to be proceeded with under sub-section (2A) of section 245D or is declared invalid under subsection (2C) of section 245D or has not been allowed to be further proceeded with under sub-section (2D) of section 245D or an order under sub-section (4) of section 245D has not been passed within the time or period specified under sub-section (4A) of section 245D, the Assessing Officer shall allow the credit for the tax and interest paid on or before the date of making the application or during the pendency of the case before the Settlement Commission.

(xvii) Bar on subsequent application for settlement [S.245K]
(1) Where -

(i) an order of settlement passed under sub-section (4) of section 245D provides for the imposition of a penalty on the person who made the application u/s 245C for settlement, on the ground of concealment of particulars of his income; or
(ii) after the passing of an order of settlement under the said sub-section (4) in relation to a case, such person is convicted of any offence under Chapter XXII in relation to that case; or
(iii) the case of such person was sent back to the Assessing Officer by the Settlement Commission on or before the 1st day of June, 2002, then, he shall not be entitled to apply for settlement u/s 245C in relation to any other matter.

(2) Where a person has made an application u/s 245C on or after the 1st day of June, 2007 and if such application has been allowed to be proceeded with under sub-section (1) of section 245D, such person shall not be subsequently entitled to make an application u/s 245C.

s) Appeals and Revision:

(i) Appeal by person denying liability to deduct tax u/s 195 [S.248]
Where under an agreement or other arrangement, the tax deductible on any income, other than interest, u/s 195 is to be borne by the person by whom the income is payable, and such person having paid such tax to the credit of the Central Government, claims that no tax was required to be deducted on such income, he may appeal to the Commissioner (Appeals) for a declaration that no tax was deductible on such income.

(ii) Order rejecting approval u/s 80G(5)(vi) appealable before Appellate Tribunal [S.253]

(iii) Power of Appellate Tribunal to grant stay of demand of tax [S.254(2A)]
With effect from 1st day of June, 2007, the Appellate Tribunal may, after considering the merits of the application made by the assessee, pass an order of stay in any proceedings relating to an appeal filed under sub-section (1) of section

253, for a period not exceeding one hundred and eighty days from the date of such order and the Appellate Tribunal shall dispose of the appeal within the said period of stay specified in that order.
Where such appeal is not so disposed of within the said period of stay as specified in the order of stay, the Appellate Tribunal may, on an application made in this behalf by the assessee and on being satisfied that the delay in disposing of the appeal is not attributable to the assessee, extend the period of stay, or pass an order of stay for a further period or periods as it thinks fit; so, however, that the aggregate of the period originally allowed and the period or periods so extended or allowed shall not, in any case, exceed three hundred and sixty-five days and the Appellate Tribunal shall dispose of the appeal within the period or periods of stay so extended or allowed.
If such appeal is not so disposed of within the period allowed under the first proviso or the period or periods extended or allowed under the second proviso, the order of stay shall stand vacated after the expiry of such period or periods.

t) Penalties:

(i) Penalty leviable on tax on assessed income less advance tax, TDS, TCS and self-assessment tax [Explanation 4 to section 271(1)]
Substitution of 'tax on the total income assessed' by 'tax on the total income assessed as reduced by the amount of advance tax, tax deducted at source, tax collected at source and self assessment tax paid before the issue of notice u/s 148' and shall be deemed to have been substituted with effect from the 1st day of April, 2003.

(ii) 'search initiated u/s 132 before the 1st day of June, 2007' shall be substituted with effect from the 1st day of June, 2007;

(iii) Penalty where search has been initiated [Explanation 5 & 5A to section 271(1), 271AAA & 246A]
With effect from the 1st day of June, 2007, Explanation 5A be inserted –
Where in the course of a search initiated u/s 132 on or after the 1st day of June, 2007, the assessee is found to be the owner of-

(i) any money, bullion, jewellery or other valuable article or thing (hereinafter in this Explanation referred to as assets) and the assessee claims that such assets have been acquired by him by utilizing (wholly or in part) his income for any previous year; or

(ii) any income based on any entry in any books of account or other documents or transactions and he claims that such entry in the books of account or other documents or transactions represents his income (wholly or in part) for any previous year,

which has ended before the date of the search and the due date for filing the return of income for such year has expired and the assessee has not filed the return, then, notwithstanding that such income is declared by him in any return of income furnished on or after the date of the search, he shall, for the purposes of imposition of a penalty under clause (c) of sub-section (1) of this section, be deemed to have concealed the particulars of his income or furnished inaccurate particulars of such income.

(iii) Penalty where search has been initiated [S.271AAA]

(1) The Assessing Officer may, notwithstanding anything contained in any other provisions of this Act, direct that, in a case where search has been initiated u/s 132 on or after the 1st day of June, 2007, the assessee shall pay by way of penalty, in addition to tax, if any, payable by him, a sum computed at the rate of ten per cent. of the undisclosed income of the specified previous year.

(2) Nothing contained in sub-section (1) shall apply if the assessee -

> (i) in the course of the search, in a statement under sub-section (4) of section 132, admits the undisclosed income and specifies the manner in which such income has been derived;
>
> (ii) substantiates the manner in which the undisclosed income was derived; and
>
> (iii) pays the tax, together with interest, if any, in respect of the undisclosed income.

(3) No penalty under the provisions of clause (c) of sub-section (1) of section 271 shall be imposed upon the assessee in respect of the undisclosed income referred to in sub-section (1).

(4) The provisions of sections 274 and 275 shall, so far as may be, apply in relation to the penalty referred to in this section.

For the purposes of this section -

(a) 'undisclosed income' means -

> (i) any income of the specified previous year represented, either wholly or partly, by any money, bullion, jewellery or other valuable article or thing or any entry in the books of account or other documents or transactions found in the course of a search u/s 132, which has -
>
> > (A) not been recorded on or before the date of search in the books of account or other documents maintained in the normal course relating to such previous year; or
> >
> > (B) otherwise not been disclosed to the Chief Commissioner or Commissioner before the date of search; or
>
> (ii) any income of the specified previous year represented, either wholly or partly, by any entry in respect of an expense recorded in the books of account or other documents maintained in the normal course relating to the specified previous year which is found to be false and would not have been found to be so had the search not been conducted;

(b) 'specified previous year' means the previous year -

> (i) which has ended before the date of search, but the date of filing the return of income under sub-section (1) of section 139 for such year has not expired before the date of search and the assessee has not furnished the return of income for the previous year before the said date; or
>
> (ii) in which search was conducted.

u) Miscellaneous Provisions:

(i) Presumption as to assets, books of account, etc. [S.292C]
Where any books of account, other documents, money, bullion, jewellery or other valuable article or thing are or is found in the possession or control of any person in the course of a search u/s 132, it may, in any proceeding under this Act, be presumed -

(i) that such books of account, other documents, money, bullion, jewellery or other valuable article or thing belong or belongs to such person;
(ii) that the contents of such books of account and other documents are true; and
(iii) that the signature and every other part of such books of account and other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested.

(ii) Inclusion of documents, class of persons, etc.[S.295(2)]
In section 295 of the Income-tax Act, in sub-section (2), after clause (eeb), the following clauses shall be inserted and shall be deemed to have been inserted, with effect from the 1st day of June, 2006, namely -

(a) Clause(eeba): the documents, statements, receipts, certificates or audited reports which may not be furnished along with the return but shall be produced before the Assessing Officer on demand u/s 139C;
(b) Clause (eebb): the class or classes of persons who shall he required to furnish the return of income in electronic form; the form and the manner of furnishing the said return in electronic form; documents, statements, receipts, certificates or reports which shall not be furnished with the return in electronic form and the computer resource or electronic record to which such return may be transmitted u/s 139D;

(iii) Revision of rates [Second Schedule]
The rates have been revised – from 15% per annum to one and $1\frac{1}{4}$% for every month or part of a month and 6% per annum to $\frac{1}{2}$% for every month or part of a month.

(iv) Relaxation to the provident fund of an establishment in respect of which a notification has been issued by the Central Government under sub-section (2) of section 16 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952. [Fourth Schedule] and the fund shall be a fund of an establishment to which the provisions of sub-section (3) of section 1 of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952(19 of 1952) apply or of an establishment which has been notified by the Central Provident Fund Commissioner under sub-section (4) of section 1 of the said Act, and such establishment shall obtain exemption u/s 17 of the said Act from the operation of all or any of the provisions of any scheme referred to in that section.

(B) AMENDMENTS TO THE INCOME-TAX ACT, 1961 BY THE TAXATION LAWS (AMENDMENT) ACT, 2006

(i) Tax Recovery Officer to exercise or perform the powers and functions of the Assessing Officer [S.2(44)]

(ii) Exemption of income of North-Eastern Development Finance Corporation Limited [S.10(23BBF)]

(iii) Removal of the requirement of renewal of notification issued under sub-clauses (iv) and (v) of section 10(23C) [S.10(23C)]

(iv) Time limit for issue of notification under sub-clauses (iv) and (v) or for approval by the prescribed authority under sub-clauses (vi) and (via) of section 10(23C) [S.10(23C)]

(v) Funds/Trusts/Universities/Other educational institutions or hospitals or other medical institutions referred to in sub-clauses (iv), (v), (vi) or (via) of clause (23C) of section 10 to get their accounts audited and furnish audit report [S.10(23C)]

(vi) Accounts of a charitable or religious trust or institution to be audited if their total income exceeds the basic exemption limit [S.12A(b)]

(vii) Guidelines, manner and conditions on the basis of which approval is to be granted u/s 35(1)(ii) and section 35(1)(iii) [S.35(1)(ii) & 35(1)(iii)]

(viii) Deduction not to be denied to the donor-assessee on subsequent withdrawal of approval of specified donee entities [S.35(2AA), 35AC & 35CCA]

(ix) Disallowance of rent and royalty paid to a resident without deduction of tax at source [S.40(a)(ia)]

(x) Disallowance of expenses for which payment above Rs.20,000 has been made otherwise than by account payee cheque or account-payee bank draft [S.40A]

(xi) Cash gifts received in excess of Rs.50,000 on or after 1.4.2006 to be taxed [S.56(2)(vi)]

(xii) Deduction not to be denied to the donor-assessee on subsequent withdrawal of approval of the donee association, university etc. [S.80GGA]

(xiii) Specified universities, colleges and other institutions compulsorily required to file their return of income [S.139(4C) & (4D)]

(xiv) Assessing Officer empowered to send a proposal to the Central Government recommending withdrawal of approval of scientific research association, university, college or other institution approved u/s 35(1)(ii) and (iii) [S.143]

(xv) Assessing Officer empowered to rectify assessment order to allow deduction u/s 10A, 10B and 10BA in respect of convertible foreign exchange subsequently received or brought into India [S.155]

(xvi) The scope of tax deduction at source on rent expanded [S.194-I]

(xvii) Expansion of the scope of tax deduction at source on fees for professional or technical services [S.194J]

(xviii) Time limit for passing penalty order [S.275(1A)]

(xix) Rounding off of tax payable and refund due [S.288B]

2. WEALTH-TAX

AMENDMENTS TO THE WEALTH-TAX ACT, 1957 BY THE FINANCE ACT, 2007

a) Definitions:

(i) Assessing Officer to include Additional Commissioner, with effect from the 1st day of June, 1994 and Additional Director, with effect from the 1st day of October, 1996 [S.2(ca)]

(ii) Amendment of definition of "India" – "India" means the territory of India as referred to in article 1 of the Constitution, its territorial waters, seabed and subsoil underlying such waters, continental shelf, exclusive economic zone or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976(80 of 1976), and the air space above its territory and territorial waters, with effect from the 25th day of August, 1976 [S.2(ka)]

b) Settlement of cases:

(i) Admission of Petition [S.22D(1)]
No such application shall be made unless such wealth-tax and the interest thereon, which would have been paid under the provisions of this Act had the wealth declared in the application been declared in the return of wealth before the Assessing Officer on the date of application, has been paid on or before the date

of making the application and the proof of such payment is attached with the application.

Where the wealth disclosed in the application relates to only one previous year -

(i) if the applicant has not furnished a return in respect of the net wealth of that year, then, wealth-tax shall be calculated on the wealth disclosed in the application as if such wealth were the net wealth;

(ii) if the applicant has furnished a return in respect of the net wealth of that year, wealth-tax shall be calculated on the aggregate of the net wealth returned and the wealth disclosed in the application as if such aggregate were the net wealth.

An assessee shall, on the date on which he makes an application under sub-section (1) to the Settlement Commission, also intimate the Assessing Officer in the prescribed manner of having made such application to the said Commission.

(ii) Deemed date of admission/disposal of Settlement applications made before 1st day of June, 2007 [S.22D(2A)]

On receipt of an application under section 22C, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant requiring him to explain as to why the application made by him be allowed to be proceeded with, and on hearing the applicant, the Settlement Commission shall, within a period of fourteen days from the date of the application, by an order in writing, reject the application or allow the application to be proceeded with.

Where no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.

Where an application was made under section 22C\before the 1st day of June, 2007 but an order under the provisions of sub-section (1) of this section, as they stood immediately before their amendment by the Finance Act, 2007, has not been made before the 1st day of June, 2007, such application shall be deemed to have been allowed to be proceeded with if the additional wealth-tax on the wealth disclosed in such application and the interest thereon is paid on or before the 31st day of July, 2007.

In respect of the application referred to in this sub-section, the 31st day of July, 2007 shall be deemed to be the date of the order of rejection or allowing the application to be proceeded with under subsection (1).

(iii) Time limit for furnishing report by Commissioner and passing order by the Settlement Commission [S.22D(2B)]

In respect of an application which is allowed to be proceeded with under sub-section (1), within thirty days from the date on which the application was made or in respect of an application referred to in sub-section (2A) which is deemed to have been allowed to be proceeded with under that subsection, on or before the 7th day of August, 2007, call for a report from the Commissioner, and the Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission.

(iv) Passing order by the Settlement Commission [S.22(2C)]
Where a report of the Commissioner called for under sub-section (2B) has been furnished within the period specified therein, the Settlement Commission may, on the basis of the material contained in such report and within a period of fifteen days of the receipt of the report, by an order in writing, declare the application in question as invalid, and shall send the copy of such order to the applicant and the Commissioner.
An application shall not be declared invalid unless an opportunity has been given to the applicant of being heard.
Where the Commissioner has not furnished the report within the aforesaid period, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(iv) Status of pending settlement applications as on 1st June 2007, which are already admitted under the old provisions [S.22D(2D)]
Where an application was made under sub-section (1) of section 22C before the 1st day of June, 2007 and an order under the provisions of subsection (1) of this section, as they stood immediately before their amendment by the Finance Act, 2007, allowing the application to have been proceeded with, has been passed before the 1st day of June, 2007, but an order under the provisions of sub-section (4), as they stood immediately before their amendment by the Finance Act, 2007, was not passed before the 1st day of June, 2007, such application shall not be allowed to be further proceeded with unless the additional wealth-tax on the wealth disclosed in such application and the interest thereon, is, notwithstanding any extension of time already granted by the Settlement Commission, paid on or before the 31st day of July, 2007.

(v) Proceedings after admission [S.22D(3)]
The Settlement Commission, in respect of -

> (i) an application which has not been declared invalid under subsection (2C); or
> (ii) an application referred to in sub-section (2D) which has been allowed to be further proceeded with under that sub-section, may call for the records from the Commissioner and after examination of such records, if the Settlement Commission is of the opinion that any further enquiry or investigation in the matter is necessary, it may direct the Commissioner to make or cause to be made such further enquiry or investigation and furnish a report on the matters covered by the application and any other matter relating to the case, and the Commissioner shall furnish the report within a period of ninety days of the receipt of communication from the Settlement Commission:

Where the Commissioner does not furnish his report within the aforesaid period, the Settlement Commission may proceed to pass an order under subsection (4) without such report.

(vi) Passing final order of settlement [S.22D(4)]
After examination of the records and the report of the Commissioner, if any, received under -

(i) sub-section (2B) or sub-section (3), or
(ii) the provisions of sub-section (1), as they stood immediately before their amendment by the Finance Act, 2007, and after giving an opportunity to the applicant and to the Commissioner to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order, as it thinks fit, on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner.

(vii) Time limit of Passing final order of settlement [S.22D(4A)]
The Settlement Commission shall pass an order under sub-section (4) -

(i) in respect of an application referred to in sub-section (2A) or subsection (2D), on or before the 31st day of March, 2008;
(ii) in respect of an application made on or after the 1st day of June, 2007, within twelve months from the end of the month in which the application was made.

(viii) Time restriction for provisional attachment removed [S.22DD]
The total period of extension shall not in any case exceed two years - has been removed with effect from the 1st day of June, 2007.

(ix) No power to reopen cases where application is made on or after 1.6.2007 [S.22E]
No proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 22C is made on or after the 1st day of June, 2007.

(x) Exclusive jurisdiction of the Settlement Commission [S.22F]
In section 22F of the Wealth-tax Act, in sub-section (2), the following provisos shall be inserted with effect from the 1st day of June, 2007, namely -
Where an application has been made under section 22C on or after the 1st day of June, 2007, the Settlement Commission shall have such exclusive jurisdiction from the date on which the application was made:
Where -

(i) an application made on or after the 1st day of June, 2007, is rejected under sub-section (1) of section 22D; or
(ii) an application is not allowed to be proceeded with under sub-section (2A) of section 22D, or, as the case may be, is declared invalid under sub-section (2C) of that section; or
(iii) an application is not allowed to be further proceeded with under subsection (2D) of section 22D, the Settlement Commission, in respect of such application shall have such exclusive jurisdiction up to the date on

which the application is rejected, or, not allowed to be proceeded with, or, declared invalid, or, not allowed to be further proceeded with, as the case may be.

(xi) Power of Settlement Commission to grant immunity from prosecution restricted [S.22H]
In section 22H of the Wealth-tax Act, in sub-section (1), after the proviso, the following proviso shall be inserted with effect from the 1st day of June, 2007, namely -
The Settlement Commission shall not grant immunity from prosecution for any offence under the Indian Penal Code(45 of 1860) or under any Central Act other than this Act and the Income-tax Act, 1961(43 of 1961) to a person who makes an application under section 22C on or after the 1st day of June, 2007.

(xii) Abatement of proceeding before the Settlement Commission [S.22HA]
(1) Where -

(i) an application made under section 22C on or after the 1st day of June, 2007 has been rejected under sub-section (1) of section 22D; or
(ii) an application made under section 22C has not been allowed to be proceeded with under sub-section (2A) or further proceeded with under subsection (2D) of section 22D; or
(iii) an application made under section 22C has been declared as invalid under sub-section (2C) of section 22D; or
(iv) in respect of any other application made under section 22C, an order under sub-section (4) of section 22D has not been passed within the time or period specified under sub-section (4A) of section 22D, the proceedings before the Settlement Commission shall abate on the specified date.

For the purposes of this sub-section, 'specified date' means -

(a) in respect of an application referred to in clause (i), the date on which the application was rejected;
(b) in respect of an application referred to in clause (ii), the 31st day of July, 2007;
(c) in respect of an application referred to in clause (iii), the last day of the month in which the application was declared invalid;
(d) in respect of an application referred to in clause (iv), on the date on which the time or period specified in sub-section (4A) of section 22D expires.

(2) Where a proceeding before the Settlement Commission abates, the Assessing Officer, or, as the case may be, any other wealth-tax authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 22C had been made.
(3) For the purposes of sub-section (2), the Assessing Officer, or, as the case may be, other wealth-tax authority, shall be entitled to use all the material and other information produced by the assessee before the Settlement Commission or the results of the inquiry held or evidence recorded by the Settlement Commission in

the course of the proceedings before it, as if such material, information, inquiry and evidence had been produced before the Assessing Officer or other wealth-tax authority or held or recorded by him in the course of the proceedings before him.
(4) For the purposes of the time-limit under sections 17A, 32 and 35 and for the purposes of payment of interest under section 34A, in case referred to in subsection (2), the period commencing on and from the date of a application to the Settlement Commission under section 22C and ending with "specified date" referred to in subsection (1) shall be excluded.

(xiii) Credit for tax paid in case of abatement of proceedings [S.22HAA]
Where an application made under section 22C on or after the 1st day of June, 2007, is rejected under sub-section (1) of section 22D, or any other application made under section 22C is not allowed to be proceeded with under sub-section (2A) of section 22D or is declared invalid under subsection (2C) of section 22D or has not been allowed to be further proceeded with under subsection (2D) of section 22D or an order under sub-section (4) of section 22D has not been passed within the time or period specified under sub-section (4A) of section 22D, the Assessing Officer shall allow the credit for the tax and interest paid on or before the date of making the application or during the pendency of the case before the Settlement Commission.

(xii) Bar on subsequent application for settlement [S.22K]
(1) Where -

(i) an order of settlement passed under sub-section (4) of section 22D provides for the imposition of a penalty on the person who made the application under section 22C for settlement, on the ground of concealment of particulars of his net wealth; or
(ii) after the passing of an order of settlement under the said sub-section (4) in relation to a case, such person is convicted of any offence under Chapter VIII in relation to that case; or
(iii) the case of any such person was sent back to the Assessing Officer by the Settlement Commission on or before the 1st day of June, 2002, then, he shall not be entitled to apply for settlement under section 22C in relation to any other matter.

(2) Where a person has made an application under section 22C on or after the 1st day of June, 2007 and if such application has been allowed to be proceeded with under sub-section (1) of section 22D, such person shall not be subsequently entitled to make an application under section 22C.

(xiii) Settlement Commission to include senior member of Bench [S.22A(f)]

c) Miscellaneous provisions:

Presumption as to assets, books of account, etc. [S.42D]
Where any books of account or other documents, articles or things including money are found in the possession or control of any person in the course of a

search under section 37A, it may, in any proceeding under this Act, be presumed that -

(i) such books of account or other documents, articles or things including money belong to such person;
(ii) the contents of such books of account or other documents are true; and
(iii) the signature and every other part of such books of account or other documents which purport to be in the handwriting of any particular person or which may reasonably be assumed to have been signed by, or to be in the handwriting of, any particular person, are in that person's handwriting, and in the case of a document stamped, executed or attested, that it was duly stamped and executed or attested by the person by whom it purports to have been so executed or attested.

II. INDIRECT TAXES

1. EXCISE DUTY

(A) AMENDMENTS TO THE CENTRAL EXCISE ACT, 1944 BY THE FINANCE ACT, 2007

(i) A secondary and higher education cess of 1% imposed on excisable goods manufactured in India.

(ii) Provisions relating to free trade zone omitted and 'Special Economic Zone' has the meaning assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005(28 of 2005) [S.3(1)]

(iii) CENVAT credit need not be reversed where the manufacturing process is held as not chargeable to excise duty by the Courts and the assessee has not preferred a claim for refund of excise duty paid by him [S.5B]
Where an assessee has paid duty of excise on a final product and has been allowed credit of the duty or tax or cess paid on inputs, capital goods and input services used in making of the said product, but subsequently the process of making the said product is held by the court as not chargeable to excise duty, the Central Government may, by notification, order for nonreversal of such credit allowed to the assessee subject to such conditions as may be specified in the said notification:
The order for non-reversal of credit shall not apply where an assessee has perferred a claim for refund of excise duty paid by him.
The Central Government may also specify in the notification referred to above for non-reversal of credit, if any, taken by the buyer of the said product.

(vi) Relevant date for refund of duty in case of judgement, decree, order etc. defined [S.11B]

In case where the duty becomes refundable as a consequence of judgment, decree, order or direction of appellate authority, Appellate Tribunal or any court, the date of such judgment, decree, order or direction.

(v) Meaning of 'joint venture in India' for the purpose of advance ruling clarified [S.23A(c)]
'Joint venture in India' means a contractual arrangement whereby two or more persons undertake an economic activity which is subject to joint control and one or more of the participants or partners or equity holders is a non-resident having substantial interest in such arrangement.

(vi) Settlement Commission to entertain applications only in respect of cases pending before the adjudicating authority [S.31(c)]
'Case' means any proceeding under this Act or any other Act for the levy, assessment and collection of excise duty, pending before an adjudicating authority on the date on which an application under sub-section (1) of section 32E is made:
When any proceeding is referred back in any appeal or revision, as the case may be, by any court, Appellate Tribunal or any other authority, to the adjudicating authority for a fresh adjudication or decision, as the case may be, then such proceeding shall not be deemed to be a proceeding pending within the meaning of this clause.

(vii) Chairman of the bench of Settlement Commission empowered to constitute Bench consisting of three members in appropriate cases [S.32A]
At any stage of the hearing of any such case or matter, referred to in the first proviso, the Chairman may, if he thinks that the case or matter is of such a nature that it ought to be heard by a Bench consisting of three Members, constitute such Bench and if Vice-Chairman is not one of the Members, the senior among the Members shall act as the presiding officer of such Bench.

(viii) Application for settlement cannot be made if proper records are not maintained in daily stock register or where there is clandestine removal of goods [S.32E(1)]
An assessee may, in respect of a case relating to him, make an application, before adjudication, to the Settlement Commission to have the case settled, in such form and in such manner as may be prescribed and containing a full and true disclosure of his duty liability which has not been disclosed before the Central Excise Officer having jurisdiction, the manner in which such liability has been derived, the additional amount of excise duty accepted to be payable by him and such other particulars as may be prescribed including the particulars of such excisable goods in respect of which he admits short levy on account of misclassification, under-valuation, inapplicability of exemption notification or CENVAT credit but excluding the goods in respect of which no proper record has been maintained by the assessee in his daily stock register and any such application shall be disposed of in the manner hereinafter provided:
Provided that no such application shall be made unless -

(a) the applicant has filed returns showing production, clearance and central excise duty paid in the prescribed manner;

(b) a show cause notice for recovery of duty issued by the Central Excise Officer has been received by the applicant;

(c) the additional amount of duty accepted by the applicant in his application exceeds three lakh rupees; and

(d) the applicant has paid the additional amount of excise duty accepted by him along with interest due under section 11AB.

No application shall be entertained by the Settlement Commission under this sub-section in cases which are pending with the Appellate Tribunal or any court.

No application under this sub-section shall be made for the interpretation of the classification of excisable goods under the Central Excise Tariff Act, 1985(56 of 1986).

Notwithstanding anything contained in sub-section (1), where an application was made under sub-section (1), before the 1st day of June, 2007 but an order under sub-section (1) of section 32 F has not been made before the said date or payment of amount so ordered by the Settlement Commission under sub-section (1) of section 32F has not been made, the applicant shall within a period of thirty days from the 1st day of June, 2007, pay the accepted duty liability failing which his application shall be liable to be rejected.

(ix) Substitution of new section for section 32F in respect of procedure on receipt of an application for settlement u/s 32E [S.32F]

The procedure on receipt of application for settlement shall be as follows:

(1) On receipt of an application under sub-section (1) of section 32E, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant to explain in writing as to why the application made by him should be allowed to be proceeded with, and after taking into consideration the explanation provided by the applicant, the Settlement Commission, shall, within a period of fourteen days from the date of the notice, by an order, allow the application to be proceeded with, or reject the application as the case may be, and the proceedings before the Settlement Commission shall abate on the date of rejection.

Where no notice has been issued or no order has been passed within the aforesaid period by the Settlement Commission, the application shall be. deemed to have been allowed to be proceeded with.

(2) A copy of every order under sub-section (1), shall be sent to the applicant and to the Commissioner of Central Excise having jurisdiction.

(3) Where an application is allowed or deemed to have been allowed to be proceeded with under sub-section (1), the Settlement Commission shall, within seven days from the date of order under sub-section (1), call for a report along with the relevant records from the Commissioner of Central Excise having jurisdiction and the Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission.

Where the Commissioner does not furnish the report within the aforesaid period of thirty days, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(4) Where a report of the Commissioner called for under sub-section (3) has been furnished within the period specified in that sub-section, the Settlement Commission may, after examination of such report, if it is of the opinion that any

further enquiry or investigation in the matter is necessary, direct, for reasons to be recorded in writing, the Commissioner (Investigation) within fifteen days of the receipt of the report, to make or cause to be made such further enquiry or investigation and furnish a report within a period of ninety days of the receipt of the communication from the Settlement Commission, on the matters covered by the application and any other matter relating to the case.

Where the Commissioner (Investigation) does not furnish the report within the aforesaid period, the Settlement Commission shall proceed to pass an order under sub-section (5) without such report.

(5) After examination of the records and the report of the Commissioner of Central Excise received under sub-section (3), and the report, if any, of the Commissioner (Investigation) of the Settlement Commission under subsection (4), and after giving an opportunity to the applicant and to the Commissioner of Central Excise having jurisdiction to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner of Central Excise and Commissioner (Investigation) under sub-section (5) or sub-section (4).

(6) An order under sub-section (5) shall not be passed in respect of an application filed on or before the 31st day of May, 2007, later than the 29^{th} day of February, 2008 and in respect of an application made on or after the 1st day of June, 2007, after nine months from the last day of the month in which the application was made, failing which the settlement proceedings shall abate, and the adjudicating authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 32E had been made.

(7) Subject to the provisions of section 32A, the materials brought on record before the Settlement Commission shall be considered by the Members of the concerned Bench before passing any order under sub-section (5) and, in relation to the passing of such order, the provisions of section 32D shall apply.

(8) The order passed under sub-section (5) shall provide for the terms of settlement including any demand by way of duty, penalty or interest, the manner in which any sums due under the settlement shall be paid and all other matters to make the settlement effective and in case of rejection contain the reasons therefor and it shall also provide that the settlement shall be void if it is subsequently found by the Settlement Commission that it has been obtained by fraud or misrepresentation of facts.

The amount of settlement ordered by the Settlement Commission shall not be less than the duty liability admitted by the applicant under section 32E.

(9) Where any duty, interest, fine and penalty payable in pursuance of an order under sub-section (5), is not paid by the assessee within thirty days of receipt of a copy of the order by him, the amount which remains unpaid, shall be recovered along with interest due thereon, as the sums due to the Central Government by the

Central Excise Officer having jurisdiction over the assessee in accordance with the provisions of section 11.
(10) Where a settlement becomes void as provided under sub-section (8), the proceedings with respect to the matters covered by the settlement shall be deemed to have been revived from the stage at which the application was allowed to be proceeded with by the Settlement Commission and the Central Excise Officer having jurisdiction may, notwithstanding anything contained in any other provision of this Act, complete such proceedings at any time before the expiry of two years from the date of the receipt of communication that the settlement became void.

(x) Settlement Commission debarred from reopening completed proceedings in respect of applications received on or after 1.06.2007 [S.32H]
Provided further that no proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 32E is made on or after the 1st day of June, 2007.

(xi) Settlement Commission debarred from granting immunity from prosecution for any offence under IPC or any Central Act other than Central Excise Act [S.32K] but the amendement does not effect the applications filed before the Settlement Commission on or before the 31st day of May, 2007 shall be disposed of as if the amendment in this section had not come into force.

(xii) Application for settlement permissible only once during the lifetime of the assessee [S.32O]
Where an assessee has made an application under sub-section (1) of section 32E, on or after the 1st day of June, 2007 and if such application has been allowed to be proceeded with under sub-section (1) of section 32F, such assessee shall not be entitled to apply for settlement under section 32E in relation to any other matter:
Such assessee shall not be prevented from filing an application for settlement if the issue in the subsequent application is, but for the period of dispute and amount, identical to the issue in respect of which the earlier application is pending before the Settlement Commission.

(xiii) Section 32PA entitling certain persons, who have filed appeals to the Appellate Tribunal on or before 29th day of February, 2000, to make application to the Settlement Commission omitted as it has outlived its utility with the passage of time [S.32PA]

(xiv) Committee of Chief Commissioners or Commissioner to pass orders within a period of 3 months [S.35E]
The Committee of Chief Commissioners of Central Excise or the Commissioner of Central Excise, as the case may be, shall make order under sub-section (1) or sub-section (2) within a period of three months from the date of communication of the decision or order of the adjudicating authority.

(xv) The scope of the term “duty demanded” expanded [S.35F]

'Duty demanded' shall include -

(i) amount determined under section 11D;
(ii) amount of erroneous CENVAT credit taken;
(iii) amount payable under rule 57CC of Central Excise Rules, 1944;
(iv) amount payable under rule 6 of CENVAT Credit Rules, 2001 or CENVAT Credit Rules, 2002 or CENVAT Credit Rules, 2004;
(v) interest payable under the provisions of this Act or the rules made thereunder.

(xvi) Minimum penalty prescribed under sub-sections (4) and (5) of section 37 reduced to Rs.2,000 [S.37]

(B) AMENDMENTS TO THE CENTRAL EXCISE ACT, 1944 BY THE TAXATION LAWS (AMENDMENT) ACT, 2006

(i) Adjudication proceedings to conclude in respect of a person who voluntarily deposits the full excise duty demanded along with interest and penalty equal to 25% of the excise duty [S.11A(1A)]

(ii) Commissioner to direct any Central Excise Officer subordinate to him to apply to the Commissioner (Appeals) [S.35E(2)]

(iii) Property may be attached provisionally to protect revenue in certain cases [S.11DDA]

(iv) Information in respect of persons in certain cases to be published [S.37E]

2. CUSTOMS DUTY

(A) AMENDMENTS TO THE CUSTOMS ACT, 1962 BY THE FINANCE ACT, 2007

(i) A secondary and higher education cess of 1% imposed on imported goods.

(ii) Concept of transaction value introduced in section 14 to align it with valuation rules [S.14]

(1) For the purposes of the Customs Tariff Act, 1975(51 of 1975), or any other law for the time being in force, the value of the imported goods and export goods shall be the transaction value of such goods, that is to say, the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of importation, or as the case may be, for export from India for delivery at the time and place of exportation, where the buyer and seller of the goods are not related and price is the sole consideration for the sale subject to such other conditions as may be specified in the rules made in this behalf:

Such transaction value in the case of imported goods shall include, in addition to the price as aforesaid, any amount paid or payable for costs and services, including commissions and brokerage, engineering, design work, royalties and licence fees, costs of transportation to the place of importation, insurance, loading, unloading and handling charges to the extent and in the manner specified in the rules made in this behalf.

The rules made in this behalf may provide for -

(i) the circumstances in which the buyer and the seller shall be deemed to be related;

(ii) the manner of determination of value in respect of goods when there is no sale, or the buyer and the seller are related, or price is not the sole consideration for the sale or in any other case;

(iii) the manner of acceptance or rejection of value declared by the importer or exporter, as the case may be, where the proper officer has reason to doubt the truth or accuracy of such value, and determination of value for the purposes of this section:

Provided also that such price shall be calculated with reference to the rate of exchange as in force on the date on which a bill of entry is presented under section 46, or a shipping bill of export, as the case may be, is presented under section 50.

(2) Notwithstanding anything contained in sub-section (i), if the Board is satisfied that it is necessary or expedient so to do, it may, by notification in the Official Gazette, fix tariff values for any class of imported goods or export goods, having regard to the trend of value of such or like goods, and where any such tariff values are fixed, the duty shall be chargeable with reference to such tariff value.

For the purposes of this section -

(a) 'rate of exchange' means the rate of exchange -

(i) determined by the Board, or

(ii) ascertained in such manner as the Board may direct, for the conversion of Indian currency into foreign currency or foreign currency into Indian currency;

(b) 'foreign currency' and 'Indian currency' have the meanings respectively assigned to them in clause (m) and clause (q) of section 2 of the Foreign Exchange Management Act, 1999(42 of 1999).

(iii) Relevant date for refund of duty in case of judgement, decree, order etc. defined [S.27(1)(b)]

Where the duty becomes refundable as a consequence of judgment, decree, order or direction of the appellate authority, Appellate Tribunal or any court, the limitation of one year or six months, as the case may be, shall be computed from the date of such judgment, decree, order or direction.

(iv) Meaning of 'joint venture in India' for the purpose of advance ruling clarified [S.28E(c)]

For the purposes of this clause, 'joint venture in India' means a contractual arrangement whereby two or more persons undertake an economic activity which is subject to joint control and one or more of the participants or partners or equity holders is a non-resident having substantial interest in such arrangement.

(v) Interest on drawback payable at the rate fixed u/s 28AB [S.75A(2)]

Where any drawback has been paid to the claimant erroneously or it becomes otherwise recoverable under this Act or the rules made thereunder, the claimant shall, within a period of two months from the date of demand, pay in addition to the said amount of drawback, interest at the rate fixed under section 28AB and the amount of interest shall be calculated for the period beginning from the date of payment of such drawback to the claimant till the date of recovery of such drawback.

(vi) Provisions relating to Special Economic Zones omitted [Chapter XA]

(vii) Settlement Commission to entertain applications only in respect of cases pending before the adjudicating authority [S.127A(b)]
'Case' means any proceeding under this Act or any other Act for the levy, assessment and collection of customs duty, pending before an adjudicating authority on the date on which an application under sub-section (1) of section 127B is made.
When any proceeding is referred back in any appeal or revision, as the case may be, by any court, Appellate Tribunal or any other authority, to the adjudicating authority for a fresh adjudication or decision, as the case may be, then such proceeding shall not be deemed to be a proceeding pending within the meaning of this clause;

(viii) Application for settlement cannot be made if goods are not included in the bill of entry or shipping bill [S.127B(1)]
(1) Any importer, exporter or any other person (hereinafter referred to as the applicant in this Chapter) may, in respect of a case, relating to him make an application, before adjudication to the Settlement Commission to have the case settled, in such form and in such manner as may be specified by rules, and containing a full and true disclosure of his duty liability which has not been disclosed before the proper officer, the manner in which such liability has been incurred, the additional amount of customs duty accepted to be payable by him and such other particulars as may be specified by rules including the particulars of such dutiable goods in respect of which he admits short levy on account of misclassification, under-valuation or inapplicability of exemption notification but excluding the goods not included in the entry made under this Act and such application shall be disposed of in the manner hereinafter provided:
- No such application shall be made unless -

  (a) the applicant has filed a bill of entry, or a shipping bill, in respect of import or export of such goods, as the case may be, and in relation to such bill of entry or shipping bill, a show cause notice has been issued to him by the proper officer;

  (b) the additional amount of duty accepted by the applicant in his application exceeds three lakh rupees; and

  (c) the applicant has paid the additional amount of customs duty accepted by him along with interest due under section 28AB:

- No application shall be entertained by the Settlement Commission under this sub-section in cases which are pending in the Appellate Tribunal or any court:
- No application under this sub-section shall be made in relation to goods to which section 123 applies or to goods in relation to which any offence under the Narcotic Drugs and Psychotropic Substances Act, 1985(61 of 1985) has been committed:

- No application under this sub-section shall be made for the interpretation of the classification of the goods under the Customs Tariff Act, 1975(51 of 1975).

Notwithstanding anything contained in sub-section (1), where an application was made under sub-section (1) before the 1st day of June, 2007 but an order under sub section (1) of section 127C has not been made before the said date, the applicant shall within a period of thirty days from the 1st day of June, 2007 pay the accepted duty liability failing which his application shall be liable to be rejected.

(ix) Substitution of new section for section 127C in respect of procedure on receipt of an application for settlement u/s 127B [S.127C]

The procedure on receipt of application for settlement shall be as follows:

(1) On receipt of an application under section 127B, the Settlement Commission shall, within seven days from the date of receipt of the application, issue a notice to the applicant to explain in writing as to why the application made by him should be allowed to be proceeded with and after taking into consideration the explanation provided by the applicant, the Settlement Commission, shall, within a period of fourteen days from the date of the notice, by an order, allow the application to be proceeded with or reject the application, as the Case may be, and the proceedings before the Settlement Commission shall abate on the date of rejection:

Where no notice has been issued or no order has been passed within the aforesaid period by the Settlement Commission, the application shall be deemed to have been allowed to be proceeded with.

(2) A copy of every order under sub-section (1) shall be sent to the applicant and to the Commissioner of Customs having jurisdiction.

(3) Where an application is allowed or deemed to have been allowed to be proceeded with under sub-section (1), the Settlement Commission shall, within seven days from the date of order under sub-section (1), call for a report along with the relevant records from the Commissioner of Customs having jurisdiction and the Commissioner shall furnish the report within a period of thirty days of the receipt of communication from the Settlement Commission:

Where the Commissioner does not furnish the report within the aforesaid period of thirty days, the Settlement Commission shall proceed further in the matter without the report of the Commissioner.

(4) Where a report of the Commissioner called for under sub-section (3) has been furnished within the period specified in that sub-section, the Settlement Commission may, after examination of such report, if it is of the opinion that any further enquiry or investigation in the matter is necessary, direct, for reasons to be recorded in writing, the Commissioner (Investigation) within fifteen days of the receipt of the report, to make or cause to be made such further enquiry or investigation and furnish a report within a period of ninety days of the receipt of the communication from the Settlement Commission, on the matters covered by the application and any other matter relating to the case:

Where the Commissioner (Investigation) does not furnish the report within the aforesaid period, the Settlement Commission shall proceed to pass an order under sub-section (5) without such report.

(5) After examination of the records and the report of the Commissioner of Customs received under sub-section (3), and the report, if any, of the Commissioner (Investigation) of the Settlement Commission under subsection (4), and after giving an opportunity to the applicant and to the Commissioner of Customs having jurisdiction to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Commissioner of Customs and Commissioner (Investigation) under sub-section (3) or sub-section (4).
(6) An order under sub-section (5) shall not be passed in respect of an application filed on or before the 31st day of May, 2007, later than the 29th February, 2008 and in respect of an application made on or after the 1st day of June, 2007, after nine months from the last day of the month in which the application was made, failing which the settlement proceedings shall abate, and the adjudicating authority before whom the proceeding at the time of making the application was pending, shall dispose of the case in accordance with the provisions of this Act as if no application under section 127B had been made.
(7) Subject to the provisions of section 32A of the Central Excise Act, 1944(1 of 1944), the materials brought on record before the Settlement Commission shall be considered by the Members of the concerned Bench before passing any order under sub-section (5) and, in relation to the passing of such order, the provisions of section 32D of the Central Excise Act, 1944 shall apply.
(8) The order passed under sub-section (5) shall provide for the terms of settlement including any demand by way of duty, penalty or interest, the manner in which any sums due under the settlement shall be paid and all other matters to make the settlement effective and in case of rejection contain the reasons therefor and it shall also provide that the settlement shall be void if it is subsequently found by the Settlement Commission that it has been obtained by fraud or misrepresentation of facts:
The amount of settlement ordered by the Settlement Commission, shall not be less than the duty liability admitted by the applicant under section 127B.
(9) Where any duty, interest, fine and penalty payable in pursuance of an order under sub-section (5) is not paid by the applicant within thirty days of receipt of a copy of the order by him, the amount which remains unpaid, shall be recovered along with interest due thereon, as the sums due to the Central Government by the proper officer having jurisdiction over the applicant in accordance with the provisions of section 142.
(10) Where a settlement becomes void as provided under sub-section (8), the proceedings with respect to the matters covered by the settlement shall be deemed to have been revived from the stage at which the application was allowed to be proceeded with by the Settlement Commission and the proper officer having jurisdiction may, notwithstanding anything contained in any other provision of

this Act, complete such proceedings at any time before the expiry of two years from the date of the receipt of communication that the settlement became void.

(x) Settlement Commission debarred from reopening completed proceedings in respect of applications received on or after 1.06.2007 [S.127E]
No proceeding shall be reopened by the Settlement Commission under this section in a case where an application under section 127B is made on or after the 1st day of June, 2007.

(xi) Settlement Commission debarred from granting immunity from prosecution for any offence under IPC or any Central Act other than Customs Act [S.127H]

(xii) Application for settlement permissible only once during the lifetime of the applicant [S.127L]

(xiii) Section 127MA entitling certain persons, who have filed appeals to the Appellate Tribunal on or before 29.02.2000, to make application to the Settlement Commission omitted as it has outlived its utility with the passage of time [S.127MA]

(xiv) President, Vice-President and members of CESTAT prohibited from appearing/acting/pleading before the CESTAT when no longer in office [S.129]

(xv) Committee of Chief Commissioners or Commissioner to pass orders within a period of 3 months [S.129D]
The Committee of Chief Commissioners of Customs or the Commissioner of Customs, as the case may be, shall make order under subsection (1) or sub-section (2) within a period of three months from the date of communication of the decision or order of the adjudicating authority.

(xvi) Fraudulent availment of drawback/exemption in connection with export of goods liable to imprisonment/fine and the categories of offences punishable with imprisonment upto 7 years and fine enlarged [S.135(1)]
(1) Without prejudice to any action that may be taken under this Act, if any person -

(a) is in relation to any goods in any way knowingly concerned in misdeclaration of value or in any fraudulent evasion or attempt at evasion of any duty chargeable thereon or of any prohibition for the time being imposed under this Act or any other law for the time being in force with respect to such goods; or
(b) acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111 or section 113, as the case may be; or
(c) attempts to export any goods which he knows or has reason to believe are liable to confiscation under section 113; or
(d) fraudulently avails of or attempts to avail of drawback or any exemption from duty provided under this Act in connection with export of goods, he shall be punishable -

(i) in the case of an offence relating to -

(A) any goods the market price of which exceeds one crore of rupees; or

(B) the evasion or attempted evasion of duty exceeding thirty lakh of rupees; or

(C) such categories of prohibited goods as the Central Government may, by notification in the Official Gazette, specify; or

(D) fraudulently availing of or attempting to avail of drawback or any exemption from duty referred to in clause (d), if the amount of drawback or exemption from duty exceeds thirty lakh of rupees, with imprisonment for a term which may extend to seven years and with fine:

Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for less than one year;

(ii) in any other case, with imprisonment for a term which may extend to three years, or with fine, or with both.

(B) AMENDMENTS TO THE CUSTOMS ACT, 1962 BY THE TAXATION LAWS (AMENDMENT) ACT, 2006

(i) Speaking order to be issued within 15 days of assessment in case of contrary claims by the assessee [S.17]

(ii) Interest to be paid on the duty difference between the provisional and final assessment [S.18]

(iii) Adjudication proceedings to conclude in respect of a person who voluntarily deposits the full duty demanded along with interest and penalty equal to 25% of the duty [S.28(1A)]

(iv) Persons furnishing false declaration/documents u/s 132, obstructing customs officers u/s 133, making preparatory actions for illegal export u/s 135A and customs officers guilty of offence u/s 136 may also be arrested [S.104]

(v) Summons to be issued in case of any inquiry [S.108]

(vi) Use of false and incorrect material to be penalized [S.114AA]

(vii) Show cause notice before confiscation of goods to be issued only with the prior approval of the officer of customs not below the rank of a Deputy Commissioner of Customs [S.124]

(viii) Commissioner to direct any officer of customs subordinate to him to apply to the Commissioner (Appeals) [S.129D(2)]

(ix) Term of imprisonment increased from 6 months to 2 years in case of furnishing of false declarations/documents etc.[S.132]

(x) Term of imprisonment increased from 6 months to 2 years in case of obstruction of officers of customs [S.133]

(xi) Prior sanction of Commissioner of Customs necessary to take cognizance in case of offence u/s 135A also [S.137]

(xii) Property may be attached provisionally to protect revenue in certain cases [S.28BA]

(xiii) Seized goods, documents and things pending adjudication to be released provisionally [S.110A]

(xiv) Information in respect of persons in certain cases to be published [S.154B]

(C) AMENDMENTS TO THE CUSTOMS TARIFF ACT, 1975

The words "all such countries" clarified to mean "developing countries each with less than 3% import share" in proviso to section 8B(1) [S.8B(1)]

3. SERVICE TAX

AMENDMENTS RELATED TO SERVICE TAX (CHAPTER V AND VA OF THE FINANCE ACT, 1994) BY THE FINANCE ACT, 2007

(i) A secondary and higher education cess of 1% imposed on services liable to service tax.

(ii) 7 new services brought under the service tax net [S.65]

1) Telecommunication service (includes individual services in respect of telephone, pager, leased circuit, telegraph, telex and facsimile communication)
2) Mining services
3) Services provided in relation to renting of immovable property, other than residential properties and vacant land, for use in the course or furtherance of business or commerce property
4) Services provided in relation to the execution of a works contract
5) Development and supply of content for use in telecommunication services, advertising agency services and on-line information and database access or retrieval services
6) Asset management services including portfolio management and all forms of fund management service provided by any person, except a banking company or a financial institution including a non-banking financial company or any other body corporate or commercial concern
7) Design services

(iii) Scope of following existing services expanded [S.65]

1) Sale of space or time for advertisement, other than in print media

2) Rent-a-cab service
3) Mandap keeper service
4) Pandal or shamiana service
5) Event management service
6) Consulting engineer's service
7) Banking and financial service
8) Management consultancy service
9) Manpower recruitment or supply agency's services
10) Management, maintenance or repair service

(iv) Delayed return may be filed with late fee [S.70(1)] - Late fee not exceeding two thousand rupees, for delayed furnishing of return, may be prescribed.

(v) Special audit introduced for CENVAT credit of service tax [S.83]

(vi) Powers of review to be exercised by Committee of Chief Commissioners/ Commissioners [S.86] - Every Committee constituted under clause (i) shall consist of two Chief Commissioners of Central Excise or two Commissioners of Central Excise, as the case may be.
The Committee of Commissioners may, if it objects to any order passed by the Commissioner of Central Excise (Appeals) under section 85, direct any Central Excise Officer to appeal on its behalf to the Appellate Tribunal against the order.

(vii) Central Government empowered to remove difficulties arising in implementing, classifying or assessing the value of any taxable service introduced by the Finance Act, 2007 [S.95] - Provided that no such order shall be made after the expiry of a period of one year from the date on which the Finance Bill, 2007 receives the assent of the President.

(viii) Meaning of 'joint venture in India' for the purpose of advance ruling clarified [S.96A(b)]
'Joint venture in India' means a contractual arrangement whereby two or more persons undertake an economic activity which is subject to joint control and one or more of the participants or partners or equity holders is a non-resident having substantial interest in such arrangement;