A2Z TAXCORP LLP
NEW DELHI, INDIA

Indirect Tax and Other Laws Communique
6th October, 2014

This bulletin brings to you the highlights of recent updates and important judgments in the field of indirect taxation along with key inputs from other fields to keep you abreast of all the latest happenings.

CONTENTS

ACTION-PLAN OF CBEC TO EVOLVE NON - ADVERSARIAL INDIRECT TAX ADMINISTRATION

The CBEC has issued an instructions vide letter F. No. 296/185/2014-CX.9 dated September 30, 2014 to all CCs and DGs on its action plan to evolve Non-adversarial indirect tax administration for the benefit of trade, industry and other stakeholders, whereby certain initiatives are being undertaken as follows:

- **Punctuality:** Officers are advised to maintain the appointed time as indicated in the communications regarding personal hearing/ trade meeting and any other interaction with taxpayers. It may also be ensured that adequate gap in the timings between two meetings be maintained so that there is no undue delay in the subsequent meeting.

- **Prompt acknowledgement of all letters/complaints/references:** It may be ensured that all references/ communications received from the trade are acknowledged promptly. To this end, a centralised computerized system for receipt/ dispatch of dak may be put in place so that status can also be monitored centrally.

- **Priority processing of representations/ communications received from taxpayers:** It is the mission of CBEC to administer indirect taxes collection by creating a climate for voluntary compliance and by providing suitable guidance to tax payers. To this end, it is imperative that all communications received from the trade seeking clarifications are attended to expeditiously.

- **Regular interaction with the trade**: As per the Board's instructions, meetings of the Regional Advisory Committee/Public Grievance Committee/Permanent Trade Facilitation Committee/Open House etc., chaired by the Chief Commissioner/ Commissioner are to be held by the concerned Zones/ Commissionerates on a regular basis. In this regard the Board desires that field officers persuade assessee to ensure participation at a higher level from Trade and industry so that these meeting result in tangible outcomes.

Further, the Board is also in the process of:

- Simplifying the Registration process to obviate the need for physical visit of the taxpayers to the offices.

- Facilitating online credit of refunds and rebates to the taxpayers.

- Easing of Compliance verification norms.

These initiatives are designed to bring about a more collaborative and solution-oriented indirect tax administration, in tandem with the international best practices.

SERVICE TAX

- **Service Tax Return (ST-3) utility available for filing Service Tax Return for the period April to September, 2014**

Service Tax Return (ST-3) utility for the period from April to September, 2014 is now available for e-filing by the assessee. **The last date for filing the Service Tax returns for said period is October 25, 2014.**

The assessee can file the return either online or can use the offline utility by downloading the latest version from http://acesdownload.nic.in/ or from DOWNLOADS Section of ACES website.

Further, it is to be noted that e-filing of Service Tax Return is mandatory for every assessee.

In order to avoid last minute congestion and inconvenience, all assesses who wish to file their ST-3 for said period are advised to start e-filing the returns immediately and not to wait till the last date.

RECENT CASE LAWS

- **A consignment agent who is free to sell goods to customers cannot be made taxable under Clearing and Forwarding services**

B K Sales Corporation Vs. Commissioner Of Central Excise, Rohtak, Haryana [2014-TIOL-1900-CESTAT-DEL]

B K Sales Corporation (**"the Appellant"**) was appointed as consignment agent by way of an Agreement by Narmada Chematur Petrochemicals Ltd. (**"the principal"**). In terms of the Agreement, the principal was required to supply their product duly packed in drums on regular basis to the Appellant and the Appellant was required to sell the same in smaller lots to the customers at the prices fixed by the principal and the report of such sale was required to be given by the Appellant to their principal from time to time. The invoices were to be issued by the Appellant in the name of principal including their name as consignment agent.

The Department alleged that since the definition of Clearing and Forwarding (**"C&F"**) agent given under erstwhile Section 65(25) of the Finance Act, 1994 includes consignment agent, the Appellant is liable to discharge Service tax liability for rendering C&F services to the principal. On the other hand, the Appellant argued that the merely being a consignment agent does not bring him in the definition of C&F agent, unless such consignment agent is doing the job of C&F operations. The Agreement clearly shows that no C&F operations are being done by the Appellant and he is free to sell the goods to any other customers by raising an invoice.

The Hon'ble CESTAT, Delhi relied upon

following judgments:

- ***CCE, Panchkula Vs. Kulcip Medicines (P) Ltd. [2009 (14) STR 608 (P&H)];***
- ***Videocon TV Manufacturer (P) Ltd. Vs. CCE, Noida [2013-TIOL-1031-CESTAT-DEL];***
- ***Larsen & Toubro Ltd. Vs. CCE, Chennai [2006 (3) STR 321 (Tri-LB)]***

and held that the main activity of C&F agent is that he receives the dispatch orders from the principal and arranges clearance of the goods in terms of the directions of the principal. He is not free to sell or purchase the goods by his own choice. In the instant case, the Appellant is free to sell the goods to his customers in small lots. Such permission given to the Appellant is indicative of the fact that he is not working as C&F agent of the principal.

➢ **Distribution of Cenvat credit by Zonal office to branches cannot be denied merely because it did not obtain Service tax registration specifically as ISD when for all practical purposes, it was functioning as ISD**

Punjab National Bank Vs. Commissioner of Central Excise, Meerut-I [2014 (10) TMI 29 - CESTAT NEW DELHI]

Punjab National Bank (**"the Appellant"** or **"PNB"**) is the Zonal Audit Office at Meerut of the Punjab National Bank. The Appellant applied and obtained Service tax registration for providing banking and financial services on October 30, 2004. Further, the Appellant conducted audit of the records of different branches of PNB within their jurisdiction. Each branch was also having separate Service tax registration. During the period from January 2008 to March 2009, the Appellant though having Service tax registration under Banking and financial services, was not registered as Input Service Distributor (**"ISD"**), but they took Cenvat credit on input services on the basis of invoices of various service providers issued in the name of Zonal office and distributed the same to various branches by issuing the invoices. The Department initiated proceedings for recovery of this Cenvat credit on the ground that when the Appellant was not registered as ISD, they could not have taken the credit and distributed the same by issuing invoices to their branches.

The Appellant contended that the provisions for ISD were introduced in June 2005 but the Appellant started availing Cenvat credit and distributing the same as ISD from October 2007 and that merely because the Appellant did not obtain Service tax registration specifically as ISD, the Cenvat credit availed by them for distribution to branches cannot be denied.

It was held by the Hon'ble CESTAT, Delhi that there is no dispute that the services in question had been received and are covered by the definition of 'Input service' and if the Appellant had obtained separate registration as ISD, there would have been no objection to availing Cenvat credit on the basis of invoices in the name of Zonal Audit Office and distributing the same to the branches of PNB. In the peculiar facts and circumstances of the case, when the Appellant, though not providing the banking and financial services, were registered as provider of banking service since 2004, they should be treated as registered as ISD also, as they were for all practical purposes, functioning as ISD and the availment of Service tax credit and its distribution to various branches by issue of invoices were being reflected in the ST-3 returns being filed by them, which is what a registered ISD would have done. Hence, the credit cannot be denied to the Appellant.

- **Tribunal can't order pre-deposit of both duty as well as penalty at a time as pre-deposit of penalty arises only when penalty order alone is under challenge**

Spandana Spoorthy Financial Ltd. Vs. Commissioner of Customs, Central Excise & Service Tax, Hyderabad-IV [(2014) 49 taxmann.com 419 (Andhra Pradesh)]

Spandana Spoorthy Financial Ltd. (**"the Petitioner"**) filed a writ petition against the order of the Hon'ble CESTAT, Hyderabad, dated July 10, 2013 by which the Hon'ble Tribunal has directed the Petitioner to make pre-deposit of the basic tax component as well as 50% of the penalty under Section 78 of the Finance Act, 1994 (**"the Finance Act"**) and discrepancy of Rs. 12 Lakhs between the Petitioner's own assessment of tax liability and the Adjudicating Authority's determination.

The Petitioner contended that when the appeal is admitted for hearing and the order of the assessment is under scrutiny, unless the order of assessment reaches its finality, the question of initiation of penalty proceedings does not arise at all.

The Hon'ble High Court of Andhra Pradesh analyzed Section 35F of the Central Excise Act, 1944 (**"the Excise Act"**) which is applicable to Service tax provisions also vide Section 83 of the Finance Act and held that in view of the expression 'duty demanded **or** penalty levied' in Section 35F of the Excise Act (i.e., use of word 'or'), the Tribunal cannot ask to make pre-deposit of both at a time. Pre-deposit of penalty is required when order of penalty alone is under challenge. If there is a composite order providing for duty/ tax and penalty, direction for pre-deposit of any portion of penalty would result in injustice as well as hardship. Hence, pre-deposit of penalty was set aside.

CENTRAL EXCISE

RECENT CASE LAWS

- **Cenvat credit is available on capital goods used for manufacture of exempted intermediary products which are used in**

turn for manufacturing of dutiable final product.

CCE, Noida Vs. Samsung India Electronic Ltd. and Others [2014-TIOL-1708-HC-ALL-CX]

Samsung Electronics India Information and Telecommunication Ltd. (**"SEIITL"**) was a public limited company which was amalgamated with Samsung Electronics India Ltd. (**"the Respondent"**) with effect from April 1, 2003 by the order of the Delhi High Court dated May 7, 2003. Prior to amalgamation, SEIITL was engaged in the manufacture of colour monitors and CTV chassis on job work basis for the Respondent. For the execution of such job work, SEIITL had purchased 10 numbers of Auto Insertion Machineries (**"capital goods"**) from the Respondent and availed Cenvat credit on the same.

The Department denied Cenvat credit to the Respondent as availed wrongly in contravention of erstwhile Cenvat Credit Rules, 2001 (**"Credit Rules"**).The Respondent filed an appeal before the Hon'ble CESTAT, New Delhi who allowed the appeal and held that the Respondent was eligible to avail Cenvat credit.

Being aggrieved, the Department filed an appeal before the Hon'ble High Court of Allahabad contending that since the capital goods were exclusively used for job work purpose i.e. goods manufactured by SEIITL were exempted goods, Cenvat credit cannot be allowed.

The Hon'ble High Court of Allahabad noted that the Central Board of Excise & Customs issued a Circular No. 665/56/2002-CX, dated September 25, 2002, which indicated that Cenvat credit cannot be denied on capital goods used in the manufacture of intermediate products exempt from payment of duty, which are used captively in the manufacture of finished goods chargeable to duty.

In the instant case, SEIITL only manufactured the chassis, which is only a part of a TV. It is not a finished product and is only an intermediary product. SEIITL supplied intermediary product to the Respondent, which manufactured the TV and paid duty on it. Consequently, it was entitled to avail Cenvat Credit in order to prevent the cascading effect, if duty was levied. Accordingly, the appeal filed by the Revenue was dismissed.

- **Cenvat credit need not required to be reversed on capital goods which were imported and subsequently re-exported**

Glass and Ceramic Decorators Vs CCE, MUMBAI-I [2014 (9) TMI 864 - CESTAT MUMBAI]

Glass and Ceramic Decorators, (**"the Appellant"**) imported Glass Printing Machine (**"capital goods"**) during the year

2003-04 and availed Cenvat credit on the same of Rs. 23,33,282/- in two consecutive financial years i.e. 2003-04 and 2004-05. Subsequently, the Appellant exported the capital goods in 2006 under bond without reversal of Cenvat credit.

The Department contended that the Appellant had not put the capital goods to use and, therefore, they were not eligible to take the Cenvat credit. Accordingly, the Appellant was required to reverse the Cenvat credit taken on capital goods which were cleared as such from the factory.

The Hon'ble CESTAT, Mumbai initially had remanded back the case to the Adjudicating Authority for consideration afresh and to pass a speaking order taking into account the various evidences produced by the Appellant. However, the Adjudicating Authority confirmed the demand of Cenvat credit which was further upheld by the lower Appellate Authority. Hence, the Appellant again preferred an appeal before the Hon'ble Tribunal.

The Hon'ble Tribunal noted that on export of capital goods, the Appellant can either claim rebate of the duty under Rule 18 of the Central Excise Rules, 2002 (**"the Excise Rules"**) or the Appellant can export the goods without payment of duty under bond under Rule 19 of the Excise Rules. Further, reliance was placed on the Central Board of Excise & Customs circular dated December 31, 1996 and F. No. 345/2/2000-TRU dated August 29, 2000, which stipulates that the manufacturer assessee is entitled to clear the inputs or capital goods for export (on which credit has been taken) under bond without payment of duty.

Further, the Hon'ble Tribunal relied on following judgments:

- ***Videocon International Ltd. Vs. CCE, Vadodara-II [2009 (235) E.L.T. 135 (Tri.-Ahmd.)]***; and
- ***Essel Propack Ltd. [Order No. A/1023/2013/EB/C-II, dated November 20, 2013]***,

Wherein it was held that assessee is not required to reverse Cenvat credit on the capital goods, which are subsequently re-exported.

The Hon'ble Tribunal on the basis of the above finding held that the Appellant is not required to reverse the Cenvat credit taken on capital goods procured and subsequently re-exported.

- **Communication of Appellate Authority's order to the Commissioner would amount to communication to the Adjudicating Authority**

Afcons Infrastructure Ltd. Vs. Union of India [(2014) 49 taxmann.com 79 (High Court of Delhi)]

Afcons Infrastructure Limited (**"the Appellant"**) preferred an appeal against the order of the Commissioner of Central Excise Delhi-I, to the Hon'ble CESTAT, New Delhi and in accordance of the direction of the Hon'ble CESTAT, the Appellant made a pre-deposit of Rs. 55 lakhs. The Hon'ble CESTAT gave its order in favour of the Appellant and such order was served on jurisdictional Commissioner of Central Excise, Delhi-I on March 16, 2011.

The Department refunded pre-deposit on October 18, 2011 but without interest under Section 35FF of the Central Excise Act, 1944 (**"the Excise Act"**) on pretext that Commissioner was not adjudicating authority and interest starts only after communication of appellate order to Adjudicating Authority. Therefore, interest would start only after 3 months from communication to the Adjudicating Authority.

The Appellant preferred a writ petition before the Hon'ble High Court of Delhi for payment of interest.

The Hon'ble High Court of Delhi noted that Section 2(a) of the Excise Act defines the term Adjudicating Authority as under: -

"It means any authority competent to pass any order or decision under this Act, but does not include the Central Board of Excise and Customs constituted under the Central Boards of Revenue Act, 1963, or the Commissioner of Central Excise (Appeals) or The Appellate Tribunal."

The Hon'ble Court held that in terms of the Section 2(a) of the Excise Act, any authority competent to pass any order or decision under the Excise Act would fall within the expression the 'Adjudicating Authority' apart from the Central Board of Excise and Customs, the Commissioner of Central Excise (Appeals) and the Appellate Tribunal.

Therefore, the Commissioner would fall within the definition of Adjudicating Authority. Hence, the Appellant was entitled to interest at 6% per annum for period after expiry of 3 months from date of service of order of the Hon'ble CESTAT to the Commissioner of Central Excise, Delhi-I.

Important to note change in Section 35FF of the Excise Act w.e.f August 6, 2014 vide the Finance (No.2) Act, 2014:

Section 35FF of the Excise Act has been amended to provide for interest on delayed refund of pre-deposit from the date of pre-deposit made till the date of refund as against earlier provisions where interest was payable only if pre-deposit was not refunded within 3 months from date of communication of order of Appellate Authority. However, the new provisions are applicable only to the pre-deposit made under Section 35F of the Excise Act after August 6, 2014. Further, the rate of interest has been fixed at 6% per annum vide Notification No. 24/2014-CE (NT) dated August 12, 2014.

Furthermore, the Central Board of Excise and Customs vide Circular No. 984/08/2014-CX dated September 16, 2014 has clarified that the refund of pre-deposit made by the assessee should not be withheld on the ground that Department is proposing to file an appeal or has filed an appeal against the order granting relief to the assessee. The concerned Jurisdictional Commissioner should ensure that refund of pre-deposit should be made within the stipulated time of 15 days of the receipt of the letter of the assessee seeking refund.

CUSTOMS

NOTIFICATIONS/CIRCULARS

- **Revision in Rate of Exchange for valuation of exported and imported goods**

In exercise of the powers conferred under Section 14 of the Customs Act, 1962, the Central Board of Excise and Customs vide the Notification No. **96/2014-Customs (Non- Tariff) dated October 1, 2014** has revised Rate of Exchange (**"ROE"**) applicable with effect from October 2, 2014 to determine the Assessable Value in respect of imported and exported goods.

- **Amendment in Tariff Value of certain goods by the Central Board of Excise & Customs**

The Central Board of Excise & Customs vide **Notification No 95/2014-Customs-NT dated September 30, 2014** has amended the Tariff Value of various goods like Palm Oil, RBD Oil, Soya bean Oil, Gold and Silver etc.

- **Imposition of the Anti-Dumping Duty on Phenol**

The Central Government has imposed Anti-Dumping Duty on Phenol, falling under Chapter 29 of the First Schedule to the Customs Tariff Act, 1975, originating in or exported from Chinese Taipei and the United States of America and imported into India at the rate mentioned in the Table of the **Notification No. 43/2014-Customs (ADD) dated September 30, 2014.**

It may be noted that such Anti-Dumping Duty shall be levied for a period of five years (unless revoked, amended or superseded earlier) from the date of imposition of the provisional anti-dumping duty, that is, the May 16, 2014, and shall be payable in Indian currency.

RECENT CASE LAWS

- **Show cause notice issued with pre-determined conclusions and closed mind is not valid**

Bharat Marine Co Vs. Commissioner of Customs (Seaport-Import) and others [2014-TIOL-1703-HC-MAD-CUS]

Bharat Marine Co. (**"the Petitioner"**) challenged the Show Cause Notice (**"the SCN"**) issued by the Department on the ground that the contents of the SCN discloses a pre-conceived and closed mind. It was further contended that the findings of Revenue were categorical in nature, without leaving any scope for the Petitioner to explain. The Petitioner even highlighted few of the paragraphs of the SCN to support his contentions.

The Hon'ble High Court relied on the case of ***SBQ Steels Ltd. Vs. Commissioner of Customs, Central Excise and Sales Tax, Guntur [2014 (300) E.L.T. 185 (A.P.) 2012-TIOL-1106-HC-AP-CX]*** (**"the SBQ Steels Ltd. case"**), wherein the Hon'ble Andhra Pradesh High Court took exception even to use of the words "it is clear" in the SCN.

Relying on the decision of the SBQ Steels Ltd. case, the Hon'ble High Court held that if the SCN is issued with pre-determined conclusions and with closed mind, the requirement of giving an opportunity to show cause becomes nugatory. Therefore, the SCN was set aside.

- **Purchaser of Valued Based Advance License is not liable to prove export obligation for availing the benefit of Notification No. 203/92-Customs dated May 19, 1992**

Globe Agencies Vs. CC [2014-TIOL-1866-CESTAT-MUM]

Globe Agencies (**"the Assessee"**) purchased Valued Based Advance License (**"VABAL"**) from the market in respect of exported goods. Since, the Assessee failed to show that input stage credit has not been availed by the manufacturer of the exported (exempted) goods, the benefit of Notification No. 203/92-Customs dated May 19, 1992 (**"the Notification"**) which grants exemption to goods imported against VABAL was denied. The Commissioner (Appeals) also upheld the demand of duty of Rs. 3,72,573/- along with interest, fine and penalty. The Assessee being aggrieved by the order of Commissioner (Appeals) filed an appeal before the Hon'ble CESTAT, Mumbai.

The Hon'ble Tribunal relied on the judgment of the Hon'ble Supreme Court in case of ***Commissioner of Customs (Imports), Bombay Vs. Hico Enterprises [2008 (228) ELT 161 (S.C)]***, wherein it was held that the purchaser of VABAL is not liable to prove export obligation for availing the benefit of the Notification. Accordingly, the case was decided in favour of the Assessee.

- **Cenvat credit allowable of duty paid on raw material used for research and development activities within the 100% EOU**

Serum Institute of India Ltd Vs. Commissioner of Central Excise, Pune-III [2014-TIOL-1887-CESTAT-MUM]

Serum Institute of India Ltd. (**"the Assessee"**) is 100% EOU engaged in the manufacture of vaccine (human medicine) falling under Chapter Heading 30.02 of the Central Excise Tariff Act, 1985. The Assessee imported raw material without payment of duty (**"inputs"**) by availing the benefit of the Notification No. 126/94-Customs dated June 3,1994 and the Notification No. 52/2003-Customs dated March 31, 2003 ("**the Notifications**")

The Revenue on scrutiny of records found that some quantity of the inputs were used in the research and development activities of the Assessee and not used in manufacturing of final product. Therefore, Show Cause Notice was issued denying the benefit of the Notifications, which was further upheld by the Commissioner of Central Excise, Pune confirming demand of Rs. 44,24,726/- along with interest and also penalties. Further, the goods in question were confiscated and an option to redeem the same on payment of redemption fine was provided. Being aggrieved, the Assessee filed an appeal before the Hon'ble CESTAT, Mumbai.

The Assessee contended that they are manufacturing vaccines and for further improvement, a regular research and development is essential. Without the research and development, the manufacturing process cannot be undertaken and completed properly. The Assessee further relied upon the decision of Hon'ble Bangalore Tribunal in case of ***CCE, Hyderabad Vs. Dr. Reddy Laboratories Ltd. [2010 (253) ELT 316]*** (**"Reddy Laboratories case"**).

The Hon'ble Tribunal also relying upon the Reddy Laboratories case set aside the confirmed demand and allowed the Appeal.

FOREIGN TRADE POLICY

NOTIFICATIONS/CIRCULARS

- **Conditions for import of Currency Paper and Security Printing Paper amended**

The Central Government while exercising the powers conferred by Section 3 of the Foreign Trade (Development and Regulation) Act, 1992 read with paragraph 1.3 of the Foreign Trade Policy 2009-2014, has amended the conditions for import of currency paper (water-mark bank note paper) and Security Printing Paper vide **Notification No. 94/(RE-2013)/2009-2014 dated September 29, 2014 ("the Notification"**).

The Notification has dispensed with the requirement of a specific approval letter from Ministry of Finance for import of Currency Note Paper/Security Printing Paper, subject to submission of a certificate of import from the head of the Units of Security Printing and Minting Corporation of India Limited (SPMCIL) and Bharatiya Reserve Bank Note Mudran Ltd. (BRBNMPL) to Customs, for clearance of such imports and subject to actual user condition.

- **New Aayat Niryat Form for Foreign Exchange earnings under Served from India Scheme release**

New Aayat Niryat Form (**“ANF”**) 3B1 for the year 2013-14 is released vide the **Public Notice No. 71 (RE 2013) 2009-14 dated September 30, 2014**. It shall be filled up for claiming benefit under the Served from India Scheme (**“SFIS Scheme”**) for the year 2013-14. However the existing Aayat Niryat Form 3B would be filled up for claiming benefits under SFIS Scheme up to the year 2012-13.

NEWS FLASH

- **DLF under scanner for alleged Service tax evasion**

Real Estate major DLF has come under the scanner of Central revenue officials for allegedly evading Service tax to the tune of about Rs. 30 crores. The Directorate General of Central Excise Intelligence (DGCEI) has registered a case for non - payment of Service tax over transfer of development rights to other firms.

The liability for payment of service tax is on the owners who transfer land to others. DLF did not discharge its Service tax liability on the consideration received towards transfer of the development rights of its land.

When contacted by PTI, DLF denied any charge of service tax evasion by it and any of its group companies.

"We will like to deny any charges of evasion of service tax by any group company. The matter of development rights has been under discussion with the tax authorities because development rights are a part of an immovable property and hence not subject to service tax.”

- **Exports to get boost with new foreign trade policy**

The Government's new Foreign Trade Policy (2014-19) is expected to boost up the exports and will have a strong impact on manufacturing sector to coordinate with the 'Make in India' goal.

According to sources, discussions are going on between the Finance Ministry and the Commerce Ministry over the tax concessions that are required to give exports a fillip, especially in the special export zones (SEZs) which have been fading out.

As per the Revenue Officials, the contraction in exports has not taken place only because of the alternate tax on SEZs or the dividend distribution tax on export units but also due to the global recession, which led to the slump in demand for Indian goods and services. The revenue department is also working on fast tracking customs clearances for exporters and bringing all dealings online to cut transaction cost.

- **Excise department to clamp down on hotels evading luxury tax in Delhi**

Concerned over low luxury tax collection, the Excise Department has geared up to clamp down on hotels, banquet halls, Spa evading luxury tax in New Delhi. For this the Excise Department will take the help of law enforcement agencies to boost luxury tax collections. Also the department has requested the tourism Department, Department of trade and taxes to give the business details of such entities registered with them as come under the ambit of luxury tax. There are presently around 1,143 hotels of all categories registered with the Excise Department which falls within the luxury tax bracket.

- **Fresh tax concessions for industrial investors in Punjab**

The Punjab government has divided the state into two zones for offering tax concessions in different categories to industrial investors. As per the policy, in Zone 1, which includes Fazilka, Ferozepur, Tarn Taran, Amritsar etc., 50% incentive on Value Added Tax (VAT) and 75% on Central Sales Tax (CST) will be given for eight years for entrepreneurs with Rs. 10-25 crores fixed capital investment (maximum cumulative quantum of incentive would be 50% of the fixed capital investment). Units with fixed capital investment of Rs. 25-100 crores would get 60% incentive on VAT and 75% on CST for 10 years (maximum cumulative quantum of incentive would be 60% of the fixed capital investment).

Investors in Zone 2, which includes Fatehgarh Sahib, Ludhiana and others, would get 25% incentive on VAT and 50% on CST for eight years for investment of Rs. 10-25 crores and fixed capital investment ranging between Rs. 25-100 crores would get 30% incentive on VAT and 50% on CST for 10 years, and their maximum cumulative quantum of incentive would be 30% of the fixed capital investment.

There would also be concession on electricity duty and property tax for investors in different categories, the spokesman added.

The eligibility period for availing incentives would be determined from the date of approval of the project.

- **Corporate Affairs Minister says simplifying procedures under new Company Law**

In order to ensure smooth implementation of the Companies Act, 2013 (**"the New Companies Act"**), the Ministry of Corporate Affairs is working on simplifying procedures by way of notifications and circulars. Since many stakeholders have raised concerns about certain aspects of the new

Companies Act, the Ministry is continuously working on simplifying procedures for smooth implementation of the new Companies Act, by issuing several notifications, and circulars on relevant provisions of the Act. In recent weeks, the Ministry has come out with various circulars and notifications, including those related to Corporate Social Responsibility under the new Companies Act. In July, the Government had told Parliament that amendments to the new Companies Act would be considered only if statutory orders and changes to rules do not address the practical difficulties in implementing the legislation.

ABOUT US

A2Z TAXCORP LLP having professionals from Multi disciplines which provides services under the Indirect & Direct Tax Laws, DGFT, Foreign Trade Policy, SEZ, EOU, Export – Import Laws, Free Trade Policy, Accounting, Auditing, Law, Company Laws, etc.

Executive Consultant:

Bimal Jain

FCA, FCS, LLB, B.Com (Hons.)

CONTACT

A2Z TAXCORP LLP
Tax and Law Practitioners

Flat No. 34B, Ground Floor,
Pocket – 1, Mayur Vihar Phase-1
Delhi – 110091 (India)
Tel: +91 11 22757595/ 42427056

E-mail:info@a2ztaxcorp.com
Web: www.a2ztaxcorp.com

DISCLAIMER