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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.

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SERVICE TAX

RECENT CASE LAWS

➢ **Larger Bench of Tribunal held that Works Contracts are exigible to Service tax even before June 1, 2007**

Larsen and Toubro Ltd, Kehems Engg Pvt Ltd Vs. CST, Delhi/ CCE & ST, Indore/ CCE/ Rajkot and CCE & ST, Indore Vs. Kehems Engineering Pvt. Ltd. [2015-TIOL-527-CESTAT-DEL-LB]

The matter raised before the Larger Bench of the Hon'ble CESTAT, Delhi in the instant case is that whether components of a composite transaction amounting to supply of labour/ rendition of service(s), under a Works Contract ought to be classified only under erstwhile Section 65(105)(zzzza) of the Finance Act, inserted vide the Finance Act, 2007, w.e.f June 1, 2007, or are also comprehended within the ambit of existing taxable services such as Commercial or Industrial Construction Service (**"CICS"**), Construction of Complex Service (**"COCS"**), or Erection, Commissioning or Installation Service (**"ECIS"**).

The Five Member Bench of the Hon'ble CESTAT, Delhi by a majority of 3-2 has decided the issue in the following manner:

Observations of Two Judicial Members: The Hon'ble Judicial Members relying upon decisions in the case of ***CST Vs. Turbotech Precision Engineering Pvt. Ltd. [2010 (18) S.T.R 545 (Kar)]*** and ***Strategic Engineering Pvt. Ltd. Vs. CCE [2011 (24) S.T.R 387 (Mad)]*** held as under:

- Works Contract was not a taxable service prior to June 1, 2007;
- Definition of CICS, COCS and/or ECIS read with the charging provision (erstwhile Section 66 of the Finance Act) and the valuation provision (Section 67 of the Finance Act) do not comprehend Works Contract within their ambit;
- The Hon'ble Delhi High Court in case of ***G.D. Builders and Others versus Union of India and Another [(2013) 32 STR 673 (Del.)]*** (**"GD Builders Case"**) held that a Works Contract can be vivisected and discernible taxable service elements could be subjected to Service tax prior to June 1, 2007 is erroneous on *per incuriam and sub silentio grounds.*
- Four essential components is must for imposition of tax to a transaction namely, character of the imposition, the person on whom the levy is imposed, the rate at which tax is imposed and the value to which the rate is applied for computing tax liability. If ambiguity in any of the four concepts, then levy would fail. In the instant case, ambiguity exists with the fourth concept;
- If Revenue's contention of Works Contract being exigible to Service tax prior to June 1, 2007 was correct, insertion of Works Contract service in

the Finance Act would have been unnecessary. Further, even after June 1, 2007, CICS, COCS and ECIS continue to be taxable services, since there is neither a repeal/ omission of these provisions nor these are excluded from the list of taxable services catalogued in the charging provision, Section 66 of the Finance Act. Furthermore, Rule 2A of the Service Tax Valuation Rules has no application to CICS, COCS or ECIS, even after June 1, 2007 as the Revenue neither suggests nor contends the same;

- CICS, COCS and ECIS covers only such contracts/ transactions which involve pure supply of labour or rendition of service(s), falling within the ambit of the respective definitions;
- CESTAT larger Bench decision in ***C.C.E. Vs. B.S.B.K. Pvt. Ltd. [2010 (253) ELT 522]*** (**"BSBK case"**), to the extent it rules that a Works Contract is a taxable service prior to June 1, 2007 as well is overruled.

Observations of Three Technical Members: The Hon'ble Technical Members relying upon the decision in GD Builders Case, BSBK case and ***YFC Projects (P.) Ltd. vs. Union of India [(2014) 44 GST 334/43 taxmann.com 219 (Delhi)]*** (**"YFC Case"**), held as under:

- Although the two larger benches of the Hon'ble Tribunal, Delhi in case of ***Jyoti Ltd. Vs. CCE [2008 (9) S.T.R 373]*** and in ***CCE Vs. Indian Oil Tanking Ltd. [2010 (18) S.T.R 57]*** held the view that a Works Contract service is not leviable to Service tax prior to June 1, 2007, when a specific entry was introduced in the taxable service list in Budget 2007. But, the Revenue has challenged these decisions before the Hon'ble Supreme Court and the appeals have been admitted in July, 2008 and August, 2010 are pending for disposal;
- In GD Builders Case and YFC Case, the Hon'ble Delhi High Court has considered the very same matter and held that Works Contract can be vivisected and discernible taxable service elements could be subjected to Service tax prior to June 1, 2007;
- This Tribunal being sub-ordinate to both the Apex Court and the High Court would be bound by the above mentioned decisions. In other words, the *ratio decidendi* of the GD Builders Case stands uncontroverted as of now and therefore, the same is binding on all sub-ordinate courts including this Tribunal;
- The CESTAT in several cases had followed the decision of the Delhi High Court in GD Builders Case after consistently holding that the GD Builders decision is not per incuriam and is a good law. Now, the Hon'ble Tribunal cannot turnover/ somersault by stating that decision in GD Builders Case is erroneous on *per incuriam and sub silentio grounds.* Hence, frequent change of views by the Tribunal will add to the uncertainty and might impact the institutional integrity;

- Merely because there are no machinery provisions to compute or quantify the amount of tax prior to June 1, 2007, levy of Service tax cannot be any challenge. Further, no difficulty exist while practically determining the value of service (rendered) component of a composite contract as the same can be worked out by deducting the value for the supply of goods from the total value of the composite contract;

- Separate and specific constitutional provision together with the machinery for determining the measure is required only when State Government wants to tax goods portion in a service transaction or the Central Government wants to tax service portion in a sales transaction. But for charging of Service tax by the Central Government on a service transaction including a Works Contract, no machinery for excluding the value of the goods involved in the provision of service is required and for the lack of such machinery provision, the levy cannot be held to be invalid.

Thus, the Five Member Bench of the Hon'ble Tribunal held that Service elements in a composite Works contract (involving transfer of property in goods and rendition of services), where such services are classifiable under CICS, COCS and ECIS are subject to levy of Service tax even prior to insertion of taxable service 'Works Contract' under Section 65(105) (zzzza) of the Finance Act i.e. prior to June 1, 2007.

- **Demand of Service tax on the amount credited/ debited to suspense account for the period prior to May 10, 2008 is not exigible to Service tax**

Sify Technologies Ltd. Vs. Commissioner of Central Excise and Service Tax, LTU Chennai [2015 (3) TMI 964 - CESTAT CHENNAI]

Service tax demand is raised on Sify Technologies Ltd. (**"the Appellant"**) on account of transaction of taxable service with any associated enterprise made in the books of account under suspense account. The Department contended that Explanation (C) to Section 67 of the Finance Act defining the term 'Gross amount charged' was amended vide the Finance Act, 2008 to substitute the word *"book adjustment"* with:

"book adjustment, and any amount credited or debited, as the case may be, to any account, whether called "Suspense account" or by any other name, in the books of account of a person liable to pay Service tax, where the transaction of taxable service is with any associated enterprise".

In view of above, the Department contended that gross value of taxable service with any associated enterprise in suspense account will be exigible to Service tax retrospectively.

Being aggrieved by the aforesaid demand, the Appellant preferred an appeal before the Hon'ble Tribunal, Chennai contending that amendment made in the definition of the term ‘Gross amount charged’ is prospective and not retrospective.

The Hon’ble CESTAT, Chennai relying upon the decision of the Hon’ble Supreme Court in case ***Union of India Vs. Martin Lottery Agencies Ltd. [2009 (14) S.T.R. 593 (S.C.)],*** allowed the appeal in favour of the Appellant and held that:

- The nature and character of the amendment decides whether an amendment made is declaratory or clarificatory and accordingly whether retrospective or not. A declaratory law is always prospective while clarificatory law is retrospective in nature;

- It is also well settled law that statute making amendment to the effect of declaration of liability is not normally retrospective unless otherwise such intention expressed by legislature or by necessary implication intended to be so;

- In view of the Amended Explanation, the proposition "and" throws light on the nature and character of both the clauses thereof. It categorically brings out that recording of transactions in two different patterns was enacted from two different dates. Therefore, the addition to the Explanation (C) to sub-section (4) of Section 67 of the Finance Act, with effect from May 10, 2008 is prospective in nature and that addition shall be applicable from the day that was enacted in the statute book.

Therefore, the Hon’ble Tribunal decided the matter in favour of the Appellant by holding that Service tax demand and interest on the gross value of taxable service with any associated enterprises made in the books of account under suspense account relating to the period prior to May 10, 2008 is untenable.

➢ **No interest and/ or penalty can be levied just because the Assessee had paid Service tax, which was actually not payable**

Commissioner of Central Excise, Tirunelveli Vs. Sundaram Textiles Ltd. [(2015) 55 taxmann.com 242 (Madras)]

Sundaram Textiles Ltd. (**“the Respondent”** or **“the Company”**) was running a Textile Industry in Nanguneri and used to receive Intellectual Property Service (“**Impugned Service**”) from Japanese Company. The Commissioner of Central Excise, Tirunelveli directed the Respondent to pay Service tax on the Impugned Service availed for the period 1999 to August 15, 2002 which was duly paid by the Respondent. Subsequently, a SCN was issued raising demand of interest as well as imposing penalty under Section 76 of the Finance Act which was confirmed *vide* Order-in-Original dated April 25, 2005.

Being aggrieved, the Respondent preferred an appeal before the Learned Commissioner (Appeals), wherein it was held that the amendment made in the Service Tax Rules providing for liability of service recipient under Reverse Charge mechanism came into effect only from

August 16, 2002, hence, during relevant period, there was no liability to pay Service tax even though the Respondent was made to pay Service tax by the Department. Since the Respondent was not liable to pay Service tax, the question of interest and penalty does not arise.

Later the Hon'ble CESTAT, Chennai also upheld the Order of the Commissioner (Appeals). Being aggrieved the Department preferred an appeal before the Hon'ble High Court of Madras contending that since the Respondent has received services from a Foreign Company and paid Service tax also, therefore the Respondent is also liable for interest and penalty.

The Hon'ble High Court of Madras upheld the Order of the Hon'ble Tribunal and held that since amendment to the Service Tax Rules have come into effect on August 16, 2002 and it is only by way of amendment the liability of service recipient to pay Service tax on the Impugned Service arises otherwise there was no liability on the Respondent to pay Service tax during the period under dispute.

Since the Respondent was not liable to pay Service tax, the Respondent is also not liable to pay Interest as well as penalty.

CENTRAL EXCISE

NOTIFICATIONS/CIRCULARS

- **Condition for availing the duty exemption for Capital goods cleared against Status Holder Incentive Scheme duty credit scrip**

In the exercise of the power conferred under Section 5A(1) of the Excise Act read with Section 3(3) of the Additional Duties of Excise (Goods of Special Importance), 1957 and Section 3(3) of the Additional Duties of Excise (Textile and Textile Article) Act, 1978, the Central Government has issued **Notification No. 19/ 2015 - Central Excise dated April 1, 2015,** making due amendment in Notification No. 33/2012-Central Excise, dated July 9, 2012 wherein the Government has exempted the Capital goods specified in the First schedule and Second Schedule to the Excise Tariff Act, when cleared against a Status Holder Incentive Scheme duty credit scrip issued to a Status Holder by the Regional Authority in accordance with paragraph 3.16 of the Foreign Trade Policy from:

- Excise Duty leviable under the First Schedule and the Second Schedule to the Excise Tariff Act,
- Additional Duty of Excise leviable under Section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 and
- Additional Duty of Excise leviable under Section 3 of the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978.

Now, in the above stated Notification, in paragraph 2, in condition (a), for the second proviso, new proviso has been substituted stipulating the necessary conditions for availing exemption.

- **Excise Exemption to Post Export EPCG duty credit scrip under Foreign Trade Policy 2015-2020**

The Central Government *vide* **Notification No. 18/ 2015 - Central Excise dated April 1, 2015** has exempted the goods specified in the First Schedule and the Second Schedule to the Excise Tariff Act, when cleared against a Post Export EPCG duty credit scrip issued by the Regional Authority in accordance with Paragraph 5.12 of the Foreign Trade Policy 2015-2020, which provides for duty remission in proportion to export obligation fulfilled from:

- Whole of the Excise duty leviable under the First and the Second Schedule to the Excise Tariff Act;
- Whole of the Additional duty of Excise leviable under Section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957; and
- Whole of the Additional duty of Excise leviable under Section 3 of the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978.

The above stated exemption shall be subject to the condition specified in the Notification.

RECENT CASE LAWS

- **Suppression of facts cannot be alleged while issuing subsequent SCN on same and similar facts, when all relevant facts were in knowledge of the Department at the issuance of first SCN**

Commissioner of Central Excise & Customs Vs. Rivaa Textiles Industries Limited [(2015) 54 taxmann.com 239 (High Court of Gujarat)]

Rivaa Textiles Industries Limited (**"the Respondent"**) is the processor of man-made fabrics. On September 16, 1996 inspection was carried out at the godown-cum-business premises of the Respondent by the Central Excise Officers. On the basis of information gathered in the inspection dated September 16, 1996, the Department issued various SCNs dated March 14, 1997, April 20, 1998 and March 27, 2001.

The SCN dated April 20, 1998 was issued alleging clandestine removal of manmade fabric and Excise duty demand of Rs. 1,60,77,219/- for the period 1995-96 and 1996-97 was made. Further, the Department issued third SCN dated March 27, 2001 for the period relating to June 24, 1996 to September 13, 1996 (**"third SCN"**) asking the Respondent to pay Excise duty amounting to Rs. 25,76,598/- on account of illicit removal and invoked extended period of limitation on the premise of suppression of facts and willful mis-statements.

Later, the Ld. Commissioner *vide* Order dated January 11, 2002 confirmed the duty demand made in the third SCN and also imposed penalty after holding that the third SCN was issued within a period of five years from September 16, 1996 in terms of Proviso to Section 11A of the Excise Act. However, in the matter of Second SCN, the demand was dropped after observing that the issue has been settled by CEGAT and there is no point in proceeding with this aspect.

Being aggrieved by the Order of the Ld. Commissioner, the Respondent preferred an appeal before the Hon'ble CESTAT, Mumbai. The Hon'ble CESTAT, Mumbai *vide* Order dated December 20, 2005 quashed and set aside the order of the Ld. Commissioner. Thereafter, the Department preferred an appeal before the Hon'ble High Court of Gujarat.

The Hon'ble High Court of Gujarat relying upon the decision in case of ***Nizam Sugar Factory Vs. Collector of Central Excise [2006 (197) ELT 465 (SC)],*** allowed the appeal in favour of the Respondent and held that where all the relevant facts were in the knowledge of authorities when first SCN was issued, while issuing second and third SCN's on same and similar facts and on the basis of same inspection made on September 16, 1996, Department cannot allege suppression of facts by Respondent.

It was further held that since the entire proceedings are time barred, Excise duty cannot be levied against the Respondent and, accordingly no penalty can be imposed.

- **Department cannot raise same grounds in the second round of ligation when the grounds taken in the first round of litigation were disposed of and no appeal was filed against the Order pertaining to first litigation**

Star Industries Ltd. Vs. Commissioner of Central Excise, Mumbai-III [(2015) 55 taxmann.com 112 (Mumbai - CESTAT)]

Star Industries Ltd. (**"the Appellant"** or **"the Company"**) is a manufacturer of PVC sheets/ films, etc. Star Industries Ltd., Thane (**"Thane unit"**) clears the PVC sheets to independent buyers after undertaking the process of printing, embossing, etc., and on payment of duty on the price approved by the Excise Authorities. The Appellant also cleared the same PVC filaments/ sheets in jumbo rolls without undertaking the activity of printing/embossing, etc., to their sister unit at Daman at a price less by Rs. 3/- per unit sold. After undertaking the process of printing, embossing etc., at the Daman unit, the finished products are cleared after including the cost of printing, embossing, etc., and at the price which is equal to such goods cleared from the Thane unit.

The Department contended that there is no evidence to the effect that the goods cleared to the Daman unit are semi-finished or partially processed and therefore 19 SCNs were issued raising demand of differential Excise Duty, which were later on confirmed by the Adjudicating Authority.

Being aggrieved, the Appellant preferred an appeal before the Hon'ble

Commissioner (Appeals) ("**First Appeal**"), who remanded the matter back to the Adjudicating Authority to be decided afresh ("**Remand Order**"), as the Appellant contended that differential duty is already included by their Daman unit in the assessable value of PVC sheets cleared and the same should be ascertained from the jurisdictional Range Office of the Daman unit. No appeal was filled by the Department against the Remand Order.

Thereafter, on verification with the jurisdictional in charge of the Daman unit and as per the enquiry report received *vide* letter dated September 26, 2001, the Adjudicating Authority dropped the Demand raised with the finding that the unit at Daman had discharged differential Excise duty after undertaking the process of printing, embossing etc., and hence there is no undervaluation ("**Fresh Order**").

Later, after reviewing the Fresh Order, the Jurisdictional Commissioner preferred an appeal before the lower Appellate Authority, wherein the matter was decided in favour of the Department ("**Impugned Order**"). Being aggrieved the Appellant preferred an appeal before the Hon'ble CESTAT, Mumbai.

The Hon'ble CESTAT, Mumbai held as under:

- No fresh grounds have been urged by the Department and the grounds mentioned in the SCN were reiterated;
- The SCN have already been disposed of by the Remand Order of the Commissioner (Appeals). Further, if the Revenue was aggrieved by the Remand Order, then it should have filed appeal before the Hon'ble Tribunal. Having failed to do so, Revenue cannot file another appeal before the Commissioner on the very same grounds in the SCN;
- The Commissioner without verifying the correct facts concluded that the Company has not submitted categorical reply in respect of whether the Company had cleared semi-finished goods to their Daman unit or not. The fact that the Appellant had preferred First Appeal and Remand Order was passed itself reveals that the Appellant had taken this ground earlier. Hence, the findings in Impugned Order are completely without any basis and without understanding the factual matrix involved.

Therefore, the Hon'ble Tribunal allowed the appeal in favour of the Appellant and held that the Department cannot raise same grounds in the second ligation when the grounds taken in the first round of litigation were disposed of and no appeal was filed against the Order pertaining to first litigation.

➢ **The nearest time in terms of Rule 7 of Excise Valuation Rules, could be the time subsequent to the time and date of clearance/removal of the goods under assessment from the factory to depots when the transaction value at or about the same time is not available**

Commissioner of Central Excise, Kolkata-IV Vs. Kesoram Rayon [2015 (4) TMI 162 - CESTAT KOLKATA]

Kesoram Rayon (**"the Respondent"**) was, inter alia, engaged in the manufacture of Viscose Rayon Filament Yarn (**"impugned goods"**) falling under chapter sub-heading numbers 5403.32 of Central Excise Tariff Act, 1985. During the period from July 1, 2000 to May 31, 2004 & January 2005 to January 2006 ("**impugned period**"), the Respondent manufactured and cleared the impugned goods from their factory to various depots resorting to provisional assessment, from where the impugned goods were sold to the customers.

The Department contended that the assessable value of impugned goods determined under Section 4 of the Excise Act read with Rule 7 of the Excise Valuation Rules, is incorrect. Hence, fourteen periodical SCNs were issued alleging short payment of total duty amounting to Rs. 2,56,22,503/- during the impugned period, on finalization of provisional assessment.

The Ld. Commissioner on adjudication dropped the Demand Notices and directed the jurisdictional Adjudicating Authority to finalize provisional assessment for the impugned period by accepting the selling price after the date and time of removal of the goods under assessment from the factory to the depots ("**Impugned Order**"). Being aggrieved, the Revenue preferred an appeal before the Hon'ble CESTAT, Kolkata.

The Revenue before the Hon'ble Tribunal submitted the nearest time of sale of goods from the depots for the purpose of Rule 7 of the Excise Valuation Rules should be prior to the date and time of removal/clearance of the goods from the factory to depots. Therefore, the Impugned Order is bad.

While the Respondent, interalia, submitted through an example that while clearing the goods from factory to the depot, on July 1, 2002 if the Respondent have adopted the price at which such goods were sold from depot on July 1, 2002 or if there was no sale on that day, the sale price as on June 30, 2002, no objection had been raised. But if the sale price as on July 5, 2002 was adopted, as there was no sale nearest to that date, the sale price was rejected observing that it was after the date of removal of the goods from the factory. The Respondent further placed reliance in case of ***S.C. Enviro Agro India Pvt. Ltd. Vs. CCE, Thane-II [2013 (298) ELT 257 (Tri.-Mumbai)]*** (**"S.C. Enviro Case"**).

The Hon'ble CESTAT, Kolkata relying on the decision of the Hon'ble Tribunal, Mumbai in *S.C. Enviro Case,* allowed the appeal in favour of the Respondent and held that the nearest time, in terms of Rule 7 of the Excise Valuation Rules, could be the time subsequent to the time and date of clearance/ removal of the goods under assessment from the factory to depots when the transaction value of such goods sold from the depot at or about the same time is not available.

CUSTOMS

NOTIFICATIONS/CIRCULARS

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

In the exercise of the power conferred under Section 14 of the Customs Act, the CBEC vide **Notification No. 35/2015-Customs (N.T.) dated April 1, 2015** has revised the Rate of Exchange (**"ROE"**) applicable with effect from April 2, 2015 to determine the Assessable Value in respect of imported and exported goods.

- **Condition for availing the duty exemption for Capital goods and Components imported under the Status Holders Incentive Scheme**

The Central Government *vide* **Notification No. 23/ 2015 – Customs dated April 1, 2015** (**"Notification 23/ 2015"**) has amended Notification No. 104/2009-Customs dated September 14, 2009, wherein the Government has exempted the Capital goods and Components and spares and parts, for Capital goods imported earlier, when imported into India against a duty credit scrip issued under the Status Holders Incentive Scheme in accordance with Paragraph 3.16 of the Foreign Trade Policy, from the whole of the duty of Customs leviable under the First Schedule to the Customs Tariff Act and whole of the additional duty leviable thereon under Section 3 of Customs Tariff Act, subject to certain conditions.

Further, the Government *vide* Notification 23/ 2015 has substituted the condition (2) stipulating the conditions for availing the exemption.

- **Implementation of Advance Authorization Scheme for export of prohibited goods under Foreign Trade Policy 2015-2020**

In exercise of the powers conferred under Section 25(1) of the Customs Act, the Central Government vide **Notification No. 22/ 2015 – Customs dated April 1, 2015,** has exempted the materials imported into India against an Advance Authorization issued in terms of Paragraph 4.03 read with Paragraph 4.18 (i) of the Foreign Trade Policy meant for export of a prohibited item in terms of paragraph 4.05 of the Handbook of Procedures from the whole of the Customs duty leviable under the First Schedule to the Customs Tariff Act and from the whole of the Additional duty, Safeguard duty, Transitional Product Specific Safeguard duty and Anti-dumping duty leviable thereon, respectively, under Section 3, 8B, 8C and 9A of the Customs Tariff Act, subject to the conditions as specified in the Notification.

- **Advance Authorisation for deemed export**

In exercise of the powers conferred by sub-section (1) of Section 25 of the

Customs Act, the Central Government vide **Notification No. 21/2015-Customs dated April 1, 2015** has exempted materials required for the manufacture of the final goods when imported into India against Advance Authorization for Deemed export granted by the Regional Authority in terms of Paragraph 4.05 (c) (iii) of the Foreign Trade Policy 2015-2020 permitting import of the said materials, from whole of the duty of Customs leviable thereon under the First Schedule to the Customs Tariff Act and from the whole of the additional duty, safeguard duty, transitional product specific safeguard duty and anti-dumping duty leviable thereon respectively under Sections 3, 8B, 8C and 9A of the Customs Tariff Act.

- **Advance Authorisation for Annual Requirement**

In exercise of the powers conferred by sub-section (1) of Section 25 of the Customs Act, the Central Government vide **Notification No. 20/2015-Customs dated April 1, 2015** has exempted materials imported into India, against a valid Advance Authorization for Annual Requirement with actual user condition issued by the Regional Authority in terms of Paragraph 4.06 of the Foreign Trade Policy 2015-2020 from the whole of the duty of Customs leviable thereon which is specified in the First Schedule to the Customs Tariff Act and from the whole of the Additional duty, safeguard duty, transitional product specific safeguard duty and anti-dumping duty leviable thereon, respectively, under Sections 3,8B, 8C and 9A of the Customs Tariff Act.

Advance Authorization for Annual Requirement shall only be issued for items notified in Standard Input Output Norms (SION), and it shall not be available in case of adhoc norms. It is subject to the further conditions as specified in the Notification.

- **Duty Free Import Authorisation Scheme**

In exercise of the powers conferred by sub-section (1) of Section 25 of the Customs Act, the Central Government vide **Notification No. 19/2015-Customs dated April 1, 2015** has exempted materials imported into India against a valid Duty Free Import Authorization issued by the Regional Authority in terms of Paragraphs 4.25 and 4.27 of the Foreign Trade Policy 2015-2020 from the whole of the duty of Customs leviable thereon which is specified in the First Schedule to the Customs Tariff Act.

Duty Free Import Authorization shall be for the products for which Standard Input Output Norms (SION) have been notified. It is subject to the further conditions specified in the Notification.

- **Advance Authorization**

In exercise of the powers conferred by sub-section (1) of Section 25 of the Customs Act, the Central Government vide **Notification No. 18/2015-Customs dated April 1, 2015** has exempted materials imported into India against a valid Advance Authorization issued by the Regional Authority in terms of paragraph

4.03 of the Foreign Trade Policy 2015-2020 from the whole of the duty of Customs leviable thereon which is specified in the First Schedule to the Customs Tariff Act and from the whole of the additional duty, safeguard duty, transitional product specific safeguard duty and anti-dumping duty leviable thereon, respectively, under Sections 3, 8B, 8C and 9A of the Customs Tariff Act.

However, such exemption is subject to the conditions as specified in the Notification.

- **Customs Duty exemption to Post Export duty credit scrip**

In exercise of the powers conferred by sub-section (1) of Section 25 of the Customs Act, the Central Government vide **Notification No. 17/2015-Customs dated April 1, 2015** has exempted goods when imported into India against a Post Export EPCG duty credit scrip issued by the Regional Authority in accordance with Paragraph 5.12 of the Foreign Trade Policy 2015-2020 which provides for duty remission in proportion to export obligation fulfilled from:

- Whole of the duty of Customs leviable thereon under the First Schedule to the Customs Tariff Act; and
- Whole of the Additional duty leviable thereon under Section 3 of the said Customs Tariff Act.

However, such exemption is subject to the conditions specified in the Notification.

- **Customs Duty exemption to EPCG Goods**

In exercise of the powers conferred by sub-section (1) of Section 25 of the Customs Act, the Central Government vide **Notification No. 16/2015-Customs dated April 1, 2015** has exempted the imports of the goods (specified in Table 1) which are covered by a valid authorization issued under the Export Promotion Capital Goods (**"EPCG"**) Scheme in terms of Chapter 5 of the Foreign Trade Policy 2015-2020 from:

- Whole of the duty of Customs leviable thereon under the First Schedule to the Customs Tariff Act; and
- Whole of the Additional duty leviable thereon under Section 3 of the Customs Tariff Act, when specifically claimed by the importer.

Thereby, permitting import of such goods at zero Customs duty. However, such exemption is subject to the conditions as specified in the Notification.

- **Facility for *suo moto* payment of customs duty in case of bona fide default in export obligation under Advance/ EPCG authorizations**

The CBEC vide **Circular No. 11/2015 dated April 1, 2015** has considered the issue of increased interest cost for authorization holders who come forward to the Regional Authority (**"RA"**) of DGFT for regularization of their cases of bona fide default in export obligation (EO) under the Advance Authorization or EPCG Schemes but have to wait for the detailed calculations in this regard before being able to deposit the duty involved. It was decided to provide for a procedure that would enable quicker payment thereby reducing the avoidable interest cost for such exporters.

During pendency of the detailed calculations by the RA, such an authorization holder may deposit, in cash, the own/ self-calculated duty amount, along with interest in cash by challan (showing relevant particulars) in the designated bank at the port where the authorization is registered. One copy of the paid challan shall be submitted to the Customs Authority at the said port which shall update its records.

- **Usage of Digital Signature Certificates in Remote EDI filing (RES) of Customs Documents w.e.f April 1, 2015**

Albeit electronic filing of documents is already allowed by the CBEC but the authenticity of these documents was always doubtful as they were not signed. The CBEC has now realised that facility of digitally signing the documents that are filed electronically would provide the necessary assurance regarding the integrity and non-repudiation of these documents. This shall also enhance the acceptability of such documents by other agencies.

Accordingly, the CBEC vide **Circular No. 10/2015 dated March 31, 2015** has decided that with effect from April 1, 2015 importers, exporters, customs brokers, shipping lines, airlines or their agents shall be given the facility to use Digital Signature Certificate for filing Customs process documents viz. Bills of Entry, Shipping Bills, IGM (General Declaration and Cargo Declaration), EGM (General Declaration), CGM through Remote EDI System (RES). For the present, the facility of using digital signatures is optional for all users.

- **Indian Customs Single Window Project – A step towards 'Ease of Doing Business'**

The Hon'ble Finance Minister in the Union Budget, 2014 made an announcement to implement 'Indian Customs Single Window Project' to facilitate trade. This project envisages that the importers and exporters would electronically lodge their Customs clearance documents at a single point only with the Customs. The required permission, if any, from other regulatory agencies (such as Animal Quarantine, Plant Quarantine, Drug Controller, Textile Committee etc.) would be obtained online without the importer/exporter having to separately approach these agencies.

This would be possible through a common, seamlessly integrated IT systems utilized by all regulatory agencies and the importers/ exporters. The Single Window would provide the importers/ exporters a single point interface for Customs clearance of import and export goods thereby reducing interface with Governmental agencies, dwell time and cost of doing business.

In the direction of establishing the Single Window with all regulatory agencies, the CBEC vide **Circular No. 09/2015 dated**

March 31, 2015 has decided to make a beginning by implementing an electronic online message exchange between the Food Safety and Standards Authority of India (FSSAI) and the Department of Plant Protection, Quarantine and Storage (PQIS) with the Customs **with effect from April 1, 2015** at JNPT (Nhava Sheva), ICD, Tughlakabad and ICD, Patparganj. Under the new online message exchange system for import goods between these two agencies viz. FSSAI and PQIS and the Customs, there will be seamless online exchange in real time of the Customs Bill of Entry (Import declaration) with these agencies and Release Order (RO) from both the agencies will be received by the Customs in electronic message format.

RECENT CASE LAWS

- **Goods imported at Chennai Port and cleared by Customs Authorities at Chennai, cannot be alleged as mis-declared by Mumbai Customs House as the latter lack jurisdiction**

Tina Sales Agency Vs. Commissioner of Central Excise (Prev.), Mumbai [(2015) 54 taxmann.com 400 (Mumbai - CESTAT)]

During the search of the premise of Tina Sales Agency (**"Appellant 1"**) velvet cloth was found. The Appellant 1 contended that velvet was imported from Shri Adarsh Veer Jain (**"Appellant 2"**). In the course of search, Statement of the Appellant 2 was recorded, in which it was confirmed that Appellant 2 had imported lining material under advance license at Chennai port which are subsequently sold to Appellant 1. Since, the goods found in the premise of Appellant 1 were velvet cloth and goods declared by Appellant 2 was lining material which were found as flocked fabrics, proceedings in Mumbai Custom House were initiated against both Appellant 1 and Appellant 2 (collectively referred as "**the Appellants**").

After due adjudication, in second round of litigation, imported goods were confiscated and penalties were imposed on both the Appellants. Being aggrieved, the Appellants preferred an appeal before the Hon'ble CESTAT, Mumbai.

The Hon'ble CESTAT, Mumbai relying upon the decision of the Hon'ble CESTAT, Delhi in case of ***Costa Foods Vs. Collector of Customs [1989 (43) E.L.T 279 (Tri. - Delhi)]***, which was further upheld by the Hon'ble Supreme Court in ***Union of India Vs. Ram Narain Bishwanath [1997 (96) E.L.T. 224],*** allowed the appeal in favour of the Appellants and held that Mumbai Customs House has no jurisdiction to raise demand alleging mis-declaration of imported goods, when the goods were imported at Chennai port and Customs Authorities at Chennai had cleared goods holding that the description of the goods has not been mis-declared.

It was further held that the SCN has been issued by invoking the extended period of limitation without alleging fraud, collusion, misstatement, suppression of fact or contravention of provisions of Act/ Rules with an intent to evade duty.

Hence it is barred by limitation. Accordingly, penalties imposed on the Appellants were set aside.

VALUE ADDED TAX

NOTIFICATIONS/ CIRCULARS

- **Extension of time period for Filing of reconciliation return for the year 2013-14 under DVAT**

The Government of National Capital Territory of Delhi *vide* **Circular No. 30 of 2014-15 dated March 31, 2015,** has extended the time limit for filing of reconciliation return in Form 9 for the year 2013-14 up to June 30, 2015,.

The return is to filed by the dealers who have made inter-state sale at concessional rates against statutory forms 'C' or stock transferred against 'F' forms or sold the goods against 'H' forms to dealers (other than Delhi) or claimed deduction from taxable turnover against E-I/E II forms or I/J forms etc.

The dealers who have not made the sale as mentioned above need not file reconciliation return in Form 9.

RECENT CASE LAWS

- **Supply of medicines, drugs, stents, and other implants etc., during the course of treatment or a medical procedure is not a 'Sale' and thus not exigible to VAT**

Fortis Health Care Ltd And Another Vs. State Of Punjab And Others [2015-TIOL-466-HC-P&H-VAT]

Fortis Health Care Ltd. And Another (**"the Petitioners"**) filed an application before the Excise & Taxation Commissioner, Punjab, Patiala Division, Patiala (**"the Commissioner"**), seeking advance determination of the question whether medicines, drugs, stents etc., administered to patients during a medical procedure (**"impugned goods"**) are a 'Sale', under the Punjab VAT Act, 2005(**"Punjab VAT Act"**).

The Commissioner *vide* Order dated August 10,2005 responded the aforesaid question in favour of Revenue and therefore the impugned goods are made exigible to VAT (**"Order 1"**). Thereafter, the Petitioner got registered as a dealer under the Punjab VAT Act and the Central Sales Tax Act, 1956 and started discharging their statutory obligations.

Later, the Hon'ble High Court of Jharkhand in ***Tata Main Hospital Vs. The State of Jharkhand and others [2008(2) JCR 174 (Jhr.)]*** (**"Tata Main Hospital Case"**) held that the impugned goods are not exigible to VAT as the same is not 'Sale'. Being aggrieved, the State of Jharkhand, filed a Special Leave Petition before the Hon'ble Supreme Court, which was dismissed.

Based on the decision in Tata Main Hospital Case, the Petitioner stopped charging VAT and also filed refund of VAT ("**Refund Claim**") for the Financial Year 2005-06. The Assistant Excise & Taxation Commissioner-cum-Designated Officer, rejected the Refund Claim and held that the judgment by the Jharkhand High Court is a judgment in personam and as the Petitioner has accepted Order 1, it is required to pay VAT.

Being aggrieved, the Petitioner preferred an appeal before the Deputy Excise and Taxation Officer where the appeal wasdismissed with the finding that the Petitioner has paid VAT from its own resources without recovering the same from patients/ ECHS. Thereafter, the Petitioner preferred an appeal before the Hon'ble Tribunal which was again dismissed holding that jurisdiction to determine the controversy, lies with the Hon'ble High Court. Therefore, the Petitioner filed a Writ Petition before the Hon'ble High Court of Punjab and Haryana.

The Hon'ble High Court of Punjab and Haryana made elaborate discussion in this regard and held as under:

- The State Governments draws their power to impose Sales Tax/ VAT on sale or purchase of goods, other than newspapers, from Entry No.54 of List II of Schedule VII of the Constitution of India ("**the Constitution**") and the element of sale in composite contracts is exigible to Sales Tax/VAT by virtue of Article 366(29A) of the Constitution. The power of the Union to tax, can be traced to Entry No.97 of List I or Entry 92-C of List I of Schedule VII of the Constitution. A State may impose tax on 'sale of goods' but is not empowered to impose tax on services;
- Perusal of Article 366(29A) of the Constitution, does not enable the Hon'ble High Court to opine that services provided by hospitals are Deemed Sale;
- Perusal of the definition of 'Sale' under Section 2(zf) of the Punjab VAT Act and Section 2 (ze) of the Haryana VAT Act, 2003 reveals that 'Sale' is defined to include transfer of property in goods for cash etc. and composite contracts as set out in Article 366 (29A) of the Constitution. The States of Punjab and Haryana may, therefore, levy VAT on only such transactions as fall within the definition of 'Sale' whether as a sale of goods or as a composite contract;
- Impugned goods are exigible to VAT only if it fulfills the ingredients of 'Sale', as defined under the Punjab and Haryana VAT Acts and Article 366(29A) of the Constitution;
- <u>The dominant purpose of medical treatment is medical services and integral to such a service is a medical procedure that involves administering medicines and drugs and may involve, implants, stents etc., as integral to a successfully medical treatment/ procedure</u>. A perusal of the statutory definition of 'Sale' in both the Punjab and Haryana enactments, reveals that after setting out that a sale is a transfer

of ownership in goods for consideration it proceeds to replicate Article 366 (29A) of the Constitution. A medical procedure is a pure service with no part having the attributes or the elements set out in Article 366 (29A) of the Constitution or the definition of 'Sale' under the Punjab and Haryana statutes and, therefore, cannot be held to involve a 'Sale';

- A contract for medical treatment necessarily involves medicines, supply of surgical items, stents, implants, valves, without which a medical procedure or medical treatment cannot be completed;
- The supply of these articles are integral to and essential for the treatment offered to patients and even if one may categorize these as incidental to the actual medical procedure, one cannot ignore that a medical procedure cannot be completed without supply of medicines, drugs, stents, implants, thereby leading to a singular conclusion that the State is not empowered under any provision of the Constitution much less the definition of goods, sale or dealer, to severe the contract and construe the supply of drugs, medicines, stents, implants etc. as a severable part of the contract and, therefore, exigible to VAT as a 'Sale';
- The situation would be different if, these articles are supplied from the pharmacy of a hospital.

Our Comments:

Very recently, the Hon'ble Supreme Court in the case of ***State of Karnataka Etc. Vs. Pro LAB and Ors [2015-TIOL-08-SC-CT-LB]*** had re-affirmed the position laid down in ***Larsen Toubro and another Vs. State of Karnataka and another [2013-TIOL-46-SC-CT-LB]*** followed by landmark judgment of Five Judge Constitution Bench of the Hon'ble Supreme Court in the case of ***Kone Elevator India Private Limited Vs. State of Andhra Pradesh [2014-TIOL-57-SC-CT-CB]***, regarding inapplicability of 'Dominant Intention Test' in case of Works contract. Consequent to the aforesaid decisions, Assessees or the Revenue should no longer be able to have recourse to the 'Dominant Intention Test' for determining the taxability of Works contract transactions.

However, the question was still open on applicability of 'Dominant Intention Test' for transactions which do not get covered under Article 366(29A) of the Constitution.

Now, with the above stated judgment of the Hon'ble High Court of Punjab and Haryana, the scenario seems to be clarified to infer that if a transaction doesn't qualify as a Works contract, it would not be open for vivisection.

However, the same may light up fresh litigation in deciding as to whether a contract falls within the ambit of Works contract under Article 366(29A) of the Constitution, making it imperative for the

Assessee to closely examine the transactions in order to determine their true nature.

- **Input Tax Credit cannot be denied to the Purchaser even if Seller of the Goods has defaulted in complying with VAT Procedures**

Infiniti Wholesale Ltd. Vs. Assistant Commissioner (CT) [(2015) 55 taxmann.com 64 (Madras)]

Infiniti Wholesale Ltd. (**"the Petitioner"**) is registered as a 'dealer' under the provisions of the Tamil Nadu Value Added Tax Act, 2006 ("**TN VAT Act**"). The Petitioner is involved in trading of consumer items and wholesalers for various enterprises. The Petitioner usually purchased goods directly from the manufacturers of consumer durables and other goods who are registered dealers and raise Tax Invoices as contemplated under Rule 10(2) of the Tamil Nadu Value Added Tax Rules, 2007 (**"VAT Rules").**

The Assessing Authority on verification of the returns filed by the petitioner for the Assessment Year 2011-12 issued a SCN dated July 20, 2012 proposing to reverse the input tax credit availed by the Petitioner in terms of Section 19(13) of the TN VAT Act on the four grounds i.e., the selling dealers had not filed returns or not paid taxes or they were unregistered dealers or their registrations were retrospectively cancelled.

The Petitioner on August 5, 2012 has submitted reply stating that credit was availed on local purchase on the basis of tax invoices (which they possess) issued by local registered dealers and hence Section 19(13) of the TN VAT Act is not applicable. Albeit there is no statutory requirement under Section 19(1) of the TN VAT Act, the Petitioner will provide documentary evidence to the Department before availing input credit, though the Petitioner *bona fidely* stated that they may obtaining confirmation from the vendors that the tax has been paid as well as returns are being filed as per the TN VAT Act.

In spite the Petitioner submitted the confirmation of Rs. 2,60,92,645/-, which was based on the confirmations furnished by its vendors, the Respondent passed the impugned assessment order, dated February 25, 2013. Being aggrieved, the Petitioner filed a writ petition before the Hon'ble Madras High Court.

The Hon'ble Madras High Court allowed the writ petition and set aside the impugned order in favour of the Petitioner and held that input tax credit availed by the petitioner could not be denied and there is no need to reverse the input tax credit availed by the purchaser of the goods on the grounds that the selling dealer has not filed returns or not paid taxes or they were unregistered dealers or their registrations were retrospectively cancelled.

COMPANY LAWS

NOTIFICATIONS/ CIRCULARS

- **Amounts (Loan) received by private companies from their members, directors or their relatives before April 1, 2014, shall not be treated as "Deposits"**

The Ministry of Corporate Affairs *vide* **General Circular No. 05/2015 dated March 30, 2015** has provided clarification on the issue whether the amounts received by private companies from their members, directors or their relatives prior to April 1, 2014 shall be considered as deposits under the Companies Act, 2013 (**"the Companies Act"**) as such amounts were not treated as 'deposits' under Section 58A of the Companies Act, 1956 and Rules made thereunder.

It is being clarified that:

- Amounts received prior to April 1, 2014 shall not be treated as `deposits' under the Companies Act and Companies (Acceptance of Deposits) Rules, 2014 subject to the condition that private company shall disclose such information (Amounts in figure and accounting head under which this amounts have been shown) in its financial statement for the financial year commencing on or after April 1, 2014;

- Any renewal or acceptance of fresh deposits on or after April 1, 2014 shall be termed as 'deposits' if such renewal or acceptance is done in accordance with the provisions of Companies Act, 2013 and Rules made thereunder.

- **Delegation of the powers and functions vested under Section 94(5) of the Companies Act, 2013 to Regional Directors (RDs)**

In exercise of the powers conferred under Section 458 of the Companies Act, 2013, the Central Government has delegated the powers and functions vested under Section 94(5) of the Companies Act, 2013 to the Regional Directors at Mumbai, Kolkata, Chennai, Noida, Ahmedabad, Hyderabad and Shillong, for carrying out Inspection of Registers, Returns etc. as maintained by the Company under the provision of the Section 94 of the Companies Act, 2013. However, the Central Government may revoke such delegation of powers or may itself exercise the powers under the said sub-section, if in its opinion such a course of action is necessary in the public interest.This notification shall be effective from the date of its publication in the Official Gazette.

FOREIGN TRADE POLICY

NOTIFICATIONS/ CIRCULARS

- **Implementation of Track and Trace system for export of Pharmaceuticals and drug consignments**

The Directorate General of Foreign Trade *vide* **Public Notice No. 4 /2015-2020 dated April 1, 2015,** has inserted Para 2.89A in the Handbook of Procedure, 2015-20 for laying down the procedure for the implementation of the Track and Trace system for export of Pharmaceuticals and drug consignments. In terms of the aforesaid procedure, the manufacturer of drug/ medicines shall print the barcode as per GS1 Global Standard at different packaging levels i.e. Primary, Secondary and Tertiary to facilitate tracking and tracing of their products. The tracking system consists of encoding of Barcode, universal global product identification code in the format of Global Trade Item Number (GTIN) at all three levels of packaging i.e., Primary, Secondary and Tertiary.

The manufacturer shall maintain the data in the parent-child relationship for all three level of packagingand their movement in its supply chain.

This data shall be uploaded on the central portal of the Government of India by the manufacturer or its designated agency before release of the drugs for sale or distribution.

With effect from July 1, 2015, all drugs with manufacturing date on or after April 1, 2015, can be exported only if both the tertiary and secondary packaging carry barcoding as applicable and the relevant data as prescribed by DGFT is uploaded on the central portal.

- **Services Exports from India Scheme**

Serve from India Scheme (**"SFIS"**) has been replaced by Service Exports from India Scheme (**"SEIS"**) vide the Foreign Trade Policy 2015-2020 so as to allow benefits to all services providers located in India, instead of Indian Service Providers.

Now, in exercise of the power conferred under Paragraph 2.04 of the Foreign Trade Policy 2015-2020, the Directorate General of the Foreign Trade *vide* **Public Notice No. 3 /2015-20 dated April 1, 2015** has notified Appendix 3D thereby notifying list of eligible services, rates and conditions for rewards under the SEIS.

This Notice will be effective on services rendered with effect from April 1, 2015

- **Merchandise Exports from India Scheme**

In order to simplify reward schemes, the Foreign Trade Policy 2015-2020 had merged five different schemes (Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Agri Infrastructure Incentive Scrip, VKGUY) into single unconditional scheme named as Merchandise Export from India Scheme (**"MEIS"**).

Now, the Directorate General of Foreign Trade in exercise of powers conferred under Paragraph 2.04 of the Foreign Trade Policy 2015-2020, has notified Country Groups containing list of Countries and ITC (HS) code wise list of products with reward rates under the MEIS *vide* **Public Notice No. 2/2015-20 dated April 1, 2015** by notifying Appendix 3B.

This Public Notice will be effective on exports made with effect from April 1, 2015.

NEWS FLASH

- **Government to move GST Bill in Lok Sabha in next few weeks: Jaitley**

The GST proposed to be rolled out from April 2016, was last introduced in the Lok Sabha in 2011 by the then UPA Government but lapsed, requiring the new NDA Government to come with a new Bill.

Government will provide reasonable compliance window under the new black money law, Jaitley further added. Speaking at the CII Annual Session in New Delhi, the Finance Minister added that Government will appoint a group to oversee working of new Companies Act to find out where the shoe pinches.

- **Confident of getting GST opposing states on board: Mani**

Kerala Finance Minister K. M. Mani, who has just been appointed Chairman of the Empowered Committee of State FMs on GST, exudes confidence of getting all States on board and meeting the roll-out deadline for the new Indirect taxes regime. "Every state, including those producing States which have some concerns on possible revenue losses, and the Centre know that the GST is good for them," said Mr. Mani.

The opposition from some large States ruled by the BJP like Gujarat, Maharashtra and Madhya Pradesh, citing larger revenue losses to them as producing States, Mani said he is confident of getting them on board as in the long-run, they too will benefit immensely.

- **Government to go ahead with GST Bill**

When the second half of the budget session begins on April 20, the Modi Government intends to go ahead with the Constitutional Amendment Bill on the GST, said Union Finance Minister Arun Jaitley.

Addressing investors at an energy conclave, Urja Sangam, the Minister said the Centre was trying to create an investment-friendly environment, both in terms of taxation and ease of doing business. "Investment has to be both domestic and international and for that we have to open our doors. But merely by opening doors, investments won't come," Mr. Jaitley said, explaining that the Government was taking steps for creating a conducive environment for investments.

- **Companies seek easier rules for large taxpayer units, GST clarity**

Businesses paying all forms of Central taxes under the single-window facility called Large Taxpayer Units (LTU) have sought simpler procedures and clarity on whether the scheme would continue to be available once the GST comes into force in about a year from now.

Large "clients" of Direct and Indirect tax administrations are seeking a differential and easier treatment in terms of verifying invoices and forex remittances compared to how these are done in case of companies not registered with LTUs.

Easier procedures can make LTUs, introduced by former Finance Minister P Chidambaram in 2005, much more appealing, they say.

According to Amit Gupta, director – tax, Dell India, the practice of tax authorities requiring foreign exchange realization certificates from banks against each export invoice poses hardship for large businesses.

- **Indirect tax collection exceeds target by Rs 4,000 crore in FY15**

The collection of Indirect taxes has surpassed the revised estimates by Rs 4,000 crore to reach Rs 5.46 lakh crore for the fiscal ended March 2015, despite a slowdown in the manufacturing sector.

The total collection as on March 31 is Rs 5,46,479 crore, based on the provisional report as against revised estimates of Rs 5,42,325 crore for 2014-15, an official statement said.

Revised estimate was Rs 82,577 lower than the Budget estimate of Rs 6,24,902 crore for 2014-15. At many occasions earlier, Finance Minister Arun Jaitley had said that the Rs 6.24 lakh crore Indirect tax collection target for 2014-15 is challenging.

The provisional collections during the 2014-15 increased by 9.9 per cent as against the actual collections during 2013-14, which was Rs 4,97,061 crore. Indirect tax collection growth is linked to industrial output.

- **ICAI seek more changes to Companies Act 2013 for ease in doing business**

To make doing business easier, chartered accountants' grouping ICAI has sought more changes in norms governing companies, including those pertaining to related party transactions.

The Institute of Chartered Accountants of India (ICAI) has suggested changes in various aspects of the Companies Act, 2013, whose most provisions came into force from April last.

With regard to proposed changes, the institute has communicated with the Corporate Affairs Ministry which is implementing the Act. ICAI President Manoj Fadnis said some concerns with respect to related party transactions norms are yet to be addressed. Noting that certain concerns have already been taken care of and some are in the process of being addressed, Fadnis said.

- **Committed to cut Corporate tax to 25% in 4 years: Jayant Sinha**

Minister of State for Finance Jayant Sinha discussed the crucial issues including the Union Budget, Gross Domestic Product (GDP) growth, investment cycle, GST and Corporate tax. The Minister said India's investment cycle is headed upwards and play out over the next year or so.

The Finance Ministry is also working towards bringing down the Corporate tax to 25 percent rate and eliminating exemptions that make life difficult for corporate tax payers.

TAX CALENDAR FOR THE MONTH OF APRIL, 2015

Due Date	Period	Event	Form
Return under the Central Excise Act, 1944			
10-Apr-15	March -2015	Excise Return by Non SSI Unit	ER-1
10-Apr-15	March -2015	Excise Return by EOUs	ER-2
10-Apr-15	March -2015	Excise Return by SSI Units	ER-3
10-Apr-15	March -2015	Excise Return by Units paying duty more than Rs. 1 Crore (CENVAT + PLA)	ER-6
30-Apr-15	2014-15	Annual Returns by the units paying duty more than Rs. 1 crore (CENVAT + PLA)	ER-5
30-Apr-15	2014-15	Annual Return by other excise units.	ER-7
Service Tax Return under the Finance Act, 1994			
25-Apr-15	October 2014 to March 2015	Service Tax Return for the half year ended on March 2015	ST-3
Payment of the VAT under Delhi Vat Act, 2005			
15-Apr-15	March -2015	Payment of DVAT TDS	DVAT-20
21-Apr-15	March -2015	E-Payment of DVAT & CST	DVAT-20 & Central Form
30-Apr-15	January 2015 to March 2015	Payment of Luxury Tax	Form-8
Return under the Delhi Vat Act, 2005			
12-April-15	2nd Fortnight April 2015	Advance information for 2nd fortnight of April-2015 of functions with booking cost > Rs 1 lakh in Banquet Halls hotels etc.	BE-2
22-Apr-15	March -2015	Issue of certificate of tax deduction	DVAT- 43
25-Apr-15	January 2015 to March 2015	E- Return of DVAT	Form 16 and CST1

27-April-15	1st Fortnight May 2015	Advance information for 1st fortnight of May-2015 of functions with booking cost > Rs 1 lakh in Banquet Halls hotels etc.	BE-2
28-Apr-15	January 2015 to March 2015	DVAT Return Verification Form for quarter ended March 201 5	DVAT -56
28-Apr-15	January 2015 to March 2015	Quarterly return of DVAT TDS	DVAT-48
30-Apr-15	2015 -16	Filing of an option to avail Composition Scheme	DVAT-01
30-Apr-15	2015 -16	Filing of Withdrawal from Composition Scheme	DVAT-03
30-Apr-15	January 2015 to March 2015	Quarterly Return of Luxury Tax	Form-8
Payment of taxes under the Income Tax Act, 1961			
07-Apr-15	March -2015	Payment of TCS collected during the month of March	Challan No. ITNS 281
30-Apr-15	March -2015	Payment of TDS deducted during the month of March	Challan No. ITNS-281
Filing of return under the Income Tax Act, 1961			
07-Apr-15	March -2015	Submission of Forms received in Mar to IT Commissioner	Form No 15G, 15H, 27C
Payment of taxes under other Act			
15-April-15	March -2015	E-Payment of Providend Fund liability	Electronic Challan cum return
21-April-15	March -2015	Payment of ECI Liability	ESI Challan

Glossary

Finance Act, 1994	**Finance Act**
Service Tax (Determination of Value) Rules, 2006	**Service Tax Valuation Rules**
Service Tax Rules, 1994	**Service Tax Rules**
Show Cause Notice	**SCN**
Central Excise Act, 1944	**Excise Act**
Central Excise Tariff Act, 1985	**Excise Tariff Act**
Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000	**Excise Valuation Rules**
Customs Act, 1962	**Customs Act**
Customs Tariff Act, 1975	**Customs Tariff Act**
Central Board of Excise and Customs	**CBEC**
Goods and Services Tax	**GST**

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