Indirect Taxes

(Selective Approach)

Service Tax

(Cover whole of the Service Tax)
- Basics
- Negative List Approach
- Exemption / Abatement List
- Declared List of Servises
- POT / POP Rules

Must do area

Excise &Customs

- Basic
- Central Excise Rules

Comman Topics & Comman Provisions

- CENVAT Credit Rules
- Valuation Rules
- Penalty / Interest

Study Tricks & Tips

- Cover all calculation based sums, practice them
- Read & summarise Case law from Institutes Select case law book
- Read ALL Relevent amendments

Disclaimer:
- **This Notes are for Revision & Refrence purpose only;**
- **Views expressed herein are personal opinion;**
- **Efforts have been taken to eleminate error, please suggest corrections if any required;**

This is a small complimentry contribution at my end to make the hudge subject digestiable!

Wishing you a very Happy Reading & Good Luck!

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Foreign Countries

India

(please ref Defination given on the next Page)

CUSTOMS

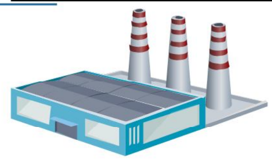
Imported into India

Basic Customs Duty
+
Education Cess

Additional Customs Duty or CVD 3(1) which is equivalent to Excise Duty

Additional Customs Duty or CVD 3(5) which is equivalent to Local VAT

EXCISE DUTY



Excise Duty is leviable on Manufatured / Produced Goods

Payment of Excise Duty is required at the time of Removale from the Factory / Warehouse/ Agents Place as the case may be

SERVICE TAX

Service Tax is leviable on Services agreed to be / provided

Payment of ServiceTax required to be made after calculating Point of Taxation as per POT Rules

- **While doing all above exercise in Excise, Customs & Service Tax follwing shall be applied:**

- Valuation Rules;
- CENVAT Credit Rules;
- Central Excise Rules;
- Service Tax Rules

Point of Taxation

CENVAT CREDIT is available

Time when Payment is to be made

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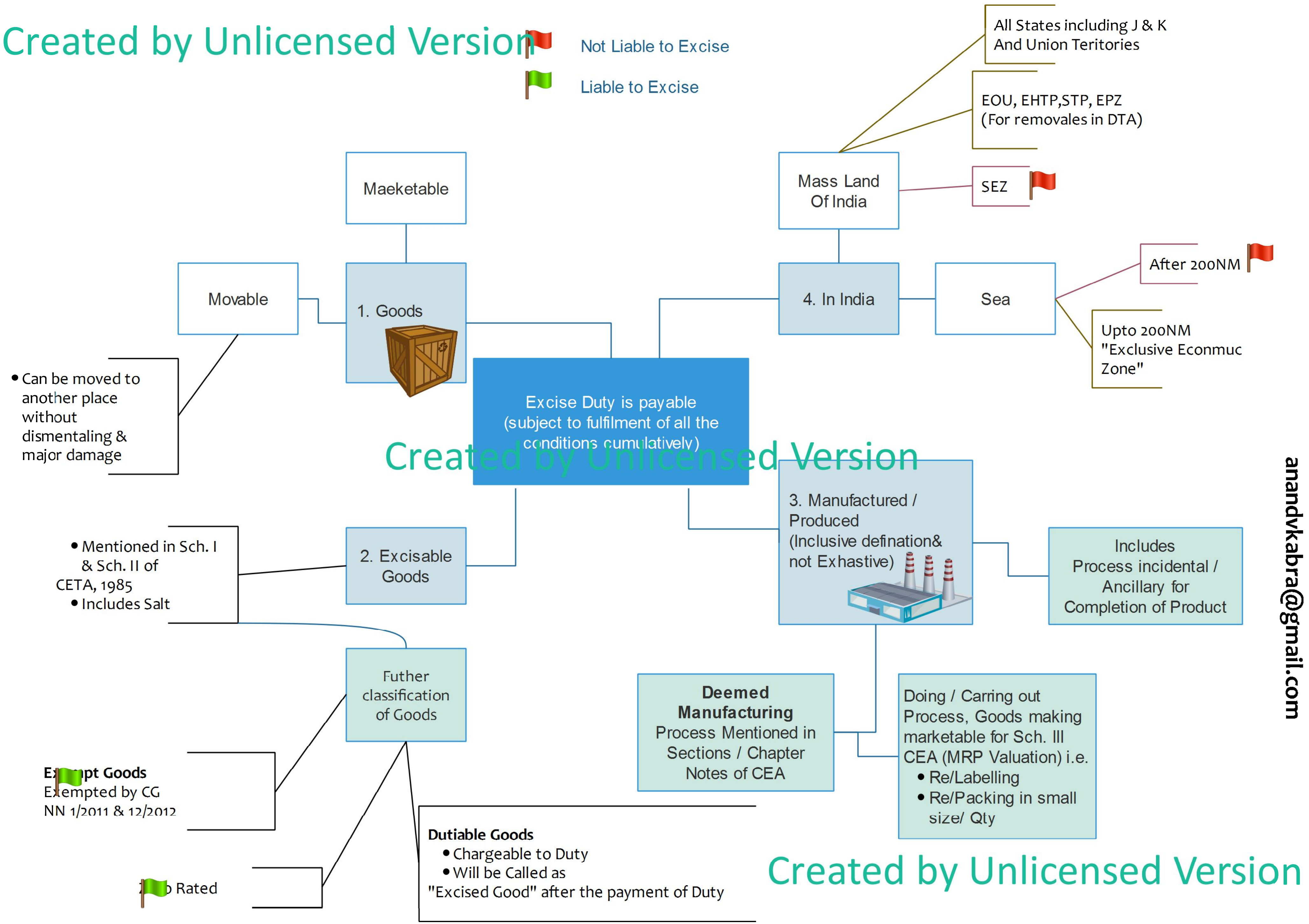

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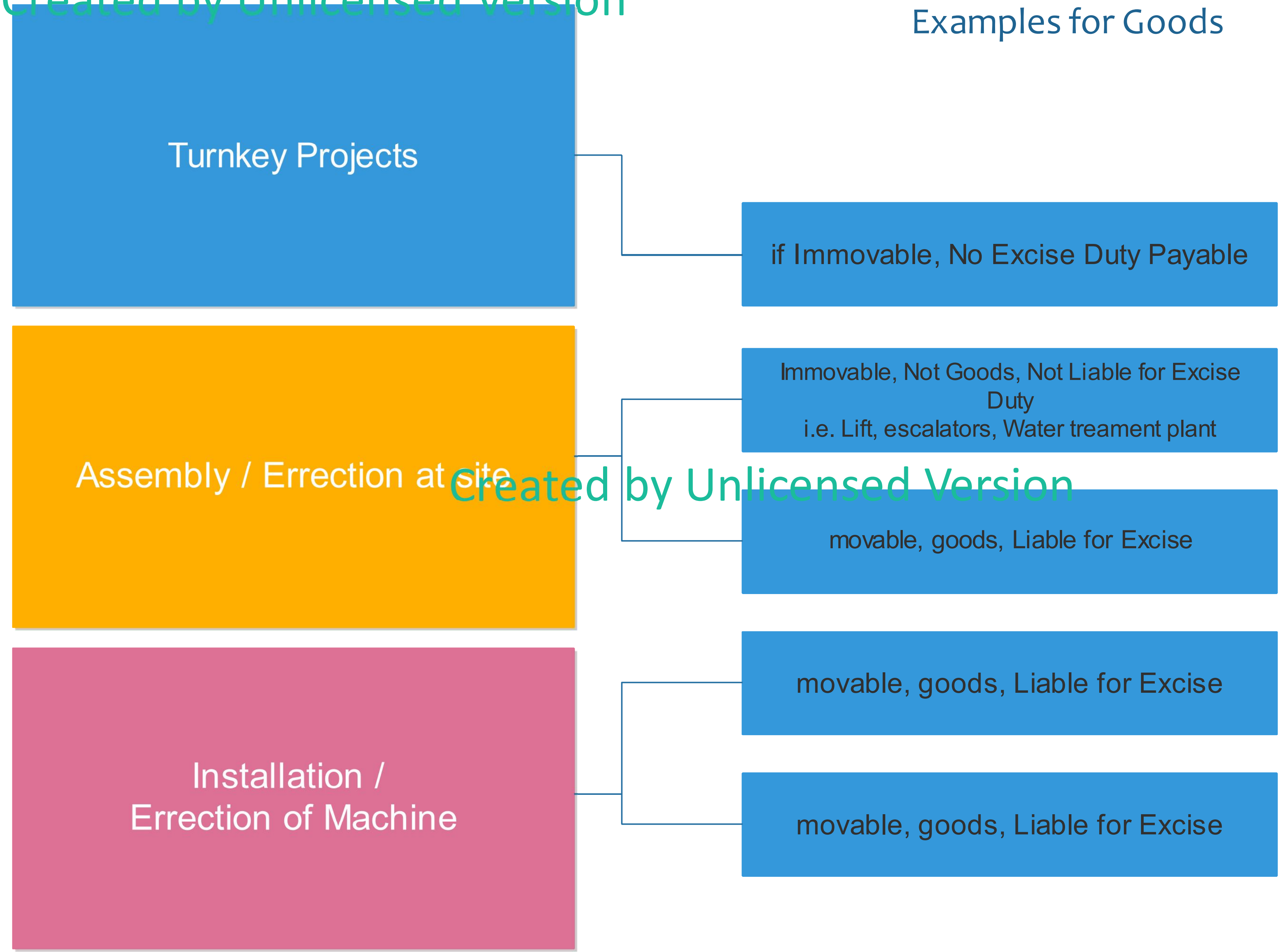
Examples for Goods



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Methods / Ways of Valuations

Annual Capacity

- u/s 3A, CEA, 1994
- Duty on Installed Capacity
- E.g.

Pan Masala;
Notified Goods;

Ad - volurem (residuary)

- Duty is payable on the basis of "Assessble Value"
- Excise Duty = Assessable Value * Rate of Duty

Specific Duty

- Duty is payable
- on the Basis of Certain Unit,
- say Lenght, Weight, etc.
- E.g.
- Sugar - Ton / Qyuintal
- Match Box - Per 100 Box
- Marbal - Per Sq. Mtr

Compunded Levy

- Rule 15, CER
- Applicable to Steel Patties & Alluminium Pattas
- Optional Scheme
- Rate 12,000 & 40,000/month/ Machine

here, Value = Assessable Value
(to be calculated by following mechnism)

Tariff Value u/s 3(2)

"Notional Value" is taken into consideration

or

= MRP * Tariff Value

Transaction Value u/s 4(1)

- **u/s 4(1)(a) Actual Transaction Value**

(value accepted subject to fulfilment of Conditions)

- **u/s 4(1)(b) Application of Valuation Rules**

Retail Sales Price u/s 4A

- **u/s 4A(1)**
- Notified Goods &
- Legal Metrology Act,2009

- **u/s 4A(2)**

Value = MRP *Abatement

- **u/s 4A(3) No other Deduction**

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Chronological order for Checking Application of Valuation Mechanism

is Tariff Value Rate Fixed u/s 3(2) CEA, 1944?

Y

- Notional Value or
- MRP / RSP * Tariff Rate

N

Are Goods subject to MRP & Notified by CG?

Y

- Valuation u/s 4A, CEA,1944
- MRP * Abatement

Valuation Rules:
Central Excise (Determination Of Retail Sales Price of Excisable Goods) Rules, 2008

Rule 4: If Goods are Removed
- without Declaration of MRP;
- MRP, can not be recognized;
- MRP, obliterated

then Value of such goods shall be
1) MRP of Identical Goods, or
2) MRP of Identialcal goods in Market removed at the same time

Rule 5: Highest MRP should be considered

N

Valuation u/s 4, CEA, 1944
"TRANSACTION VALUE"

Conditions to for Application of Sec. 4(1)(a)
(all conditions shall be complied, if not Rule no is given against the condition shall be Applicable for valuation)

- Assessee **Sold** Goods **(Rule 4)**
- For **Delivery** at the Time & Place of Removal **(Rule 5)**
- Buyer & Seller are **Not Related** Parties **(Rule 9)**
- Sales price is the only **consideration** **(Rule 6)**

If any one of the above Conditions of Sec. 4(1)(a) are not fulfiled,
then Determine
"Transaction Value" u/s 4(1)(b),
by Appling
The Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000

Author's Note:
Same Mechanism shall be applicable in case of **ImportedGoods** while calculating **CVD 3(1)**

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