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## INCOME TAX:

### + **CBDT Mandates Issuance of Form 16A generated from TIN Central System for all Deductors:**

Presently it is mandatory for a Company to issue Certificate for issuance of tax deduction at source (Form 16A) after generating the same through Tax Information Network (TIN) Central System. In order to streamline the process further, the CBDT has made it mandatory for issuance of Form 16A which are generated through TIN Central System for all deductors. A summary of the issuance of Form 16A generated through TIN website is tabulated below:



Type of Deductor	Form 16A generated through TIN central system which is downloaded from the TIN Website with a unique TDS certificate number FY 11-12	Form 16A generated through TIN central system which is downloaded from the TIN Website with a unique TDS certificate number FY 12-13	Authentication of Form 16A
Company <sup>1</sup>	Mandatory	<b>Mandatory</b>	Manual/Digital Signature
Any other person	Optional. Fourth quarter Form 16A this is optional	<b>Mandatory</b>	Manual/Digital Signature

Form 16A can be generated from the TIN website by login to [www.tin-nsdl.com](http://www.tin-nsdl.com) in the TAN Registration Account and requesting for Form 16A. (Circular No. 1/2012, F No. 276/34/2011-IT (B) dated April 09, 2012)

### + **Application for the allotment of PAN:** PAN applications are required to be furnished in the amended forms prescribed which are as follows:

- Indian citizens, Indian Company, entities incorporated / formed in India will have to submit their 'Application for allotment of new PAN' in newly notified Form 49A only.
- Foreign citizens, entities incorporated/ formed outside India will have to submit their 'Application for allotment of new PAN' in newly notified Form 49AA only.
- For changes/ correction / new card (in case already holds a PAN card) to be made in the PAN Card – one form for both Indian as well as foreign citizen.

The applicable forms can be accessed from the following link <https://www.tin-nsdl.com/pan/downloads-pan.php>.

<sup>1</sup> Includes Banking Company, bank or banking institution and Co-operative society engaged in the business of banking.

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## CENTRAL EXCISE:

- + **Quarterly returns for certain assesseees:** An assessee shall now be required to file only a quarterly return in the Form ER-8 if availing exemption in respect of Coal; briquettes, voids and similar solid fuels manufactured from coal (CETH 2701); fertilisers (CETH 31); and articles of jewellery or articles of goldsmiths or silversmiths wares of precious metal or of metal clad with precious metal, bearing a brand name (CETH 7113 and 7114 respectively) – *Refer Notification No. 12/2012-Central Excise dated the March 17, 2012.* The benefit of quarterly filing will be available only if such assesseees do not manufacture any other excisable goods.

Further, the same quarterly return in Form ER-8 shall be required to be filed in respect of all assesseees if they are availing exemption under the Notification No. 1/2011 – CE dated March 01, 2011, viz., in respect of goods listed therein which are liable to central excise duty at 2.06%. The return shall be filed within ten days after the close of the quarter to which the return relates. (*Notification No. 23/2012 – CE (NT) dated April 18, 2012*)

- + **CENVAT credit allowed even if the output is not liable to excise duty but where excise duty is paid:** In case of *Printo India Graphics (P) Ltd. Vs CCE, Delhi*, the Supreme Court has held that process of cutting, slitting and printing of aluminium foils does not amount to manufacture. In view of this decision it has been notified that where an assessee has paid duty of excise on such product then the CENVAT credit of inputs, capital goods and input services taken and utilized is not required to be reversed even though the said process does not amount to manufacture in terms of the Apex Court decision. This is subject to the following conditions:
  - a. the CENVAT credit availed and utilized pertains to the period prior to 15<sup>th</sup> March 2012.
  - b. excise duty has been paid on removal of final products.
  - c. assessee shall not prefer a claim of refund of the excise duty paid by him on the said final product

Further it is clarified that if the buyer of the said products has availed CENVAT credit of the duty amount therein, the same shall not be required to be reversed. However, this will be applicable only in respect of clearances up to the 15th March, 2012. (*Notification No. 24/2012 - CE (NT) dated April 19, 2012*)

- + **Classification and admissibility of CENVAT credit on structural components used in boilers:** CBEC has clarified that structural parts/components used essentially as a part of boiler system are classifiable as parts of Boiler under Chapter Heading 8402, since boilers are combination of various systems and all the systems work in tandem to make a modern boiler. Further it is clarified that the structural components are essentially the parts and accessories of boiler which can be identified as 'inputs' under Rule 2(k)(iii) of the CENVAT Credit Rules, 2004,

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viz., 'all goods used for generation of electricity or steam for captive use'. Therefore CENVAT credit of excise duty paid on such structural components can be claimed. (Circular No.964/07/2012-CX F. No. 84/1/2011-CX-1 dated April 02, 2012)

- + **Relevant date for computation of period of exemption for units in J&K:** Notification No. 56/2002 – CE dated 14.11.2002 provides for exemption from the duty of excise to specified goods cleared from industrial units in the State of Jammu & Kashmir to the extent of duty paid in cash. This exemption is granted by way of refund for a period of ten years from the date of publication of the notification or from the date of commencement of commercial production, whichever is later. The exemption is available to new units which have commenced commercial production on or after 14.06.2002 as well as existing units which have undertaken substantial expansion or have made new investments for employment generation on or after 14.06.2002. In respect of the computation of exemption period, the Board has now clarified that period of ten years has to be computed from the date of publication of the notification when a new unit commences commercial production or an existing unit undertakes substantial expansion and commences commercial production from such expanded capacity during the period from 14.06.2002 to 14.11.2002. In case if a unit commences commercial production or an existing unit undertakes substantial expansion and commences commercial production from such expanded capacity after 14.11.2002 (the date of publication of the notification), the ten year exemption period is to be computed from the date of commencement of commercial production in the case of new units and from the date of commencement of commercial production from the expanded capacity in the case of existing units. (Circular No. 965/08/2012-CX F.No. 101/15/2010-CX-3 dated April 17, 2012)

## SERVICE TAX:

- + **Classification of services provided by Agricultural Produce Marketing Committee (APMC):** The CBEC has clarified that the 'market fee' collected by the APMC for services provided to facilitate the development and maintenance of the agricultural market are classifiable under 'Business auxiliary Services' and not 'Business Support Services' and hence covered by the exemption from payment of service tax granted vide Notification 14/2004-ST. However, any other services provided for a separate fee, e.g. renting of shops in the market area, etc would be liable to service tax under the respective heads and the said exemption would not be applicable. (Circular -157/8/2012 – ST dated April 27, 2012)

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**+ Proposals - Central Excise Rules, 2002 and Service Tax Rules, 1994:** It is proposed to amend the Central Excise Rules 2002 and Service Tax Rules 1994 to streamline the process of registration. Accordingly the following changes are proposed:

1. A common application for seeking registration - The documents to be submitted after filing the online application or verification of premises would be:
  - Self attested copy of Certificate of Incorporation, partnership Deed or Certificate of registration of society as the case maybe.
  - Details of premises, copy of ownership document, lease deed and self verified ground plan
  - Copy of PAN card, CIN issued under Companies Act, 1956.
2. Others:
  - Registration Certificate would be generated through ACES immediately on completion of data entry. Separate application for each premise is required to be filed. However, in case of service tax, option of centralized registration is provided.
  - If the Central Excise registrants fails to file returns for a period of 6 months (normal assesses) or 12 months (assesses claiming value based exemption) registration will be cancelled *suomotu*. In case of Service Tax registrants, the cancellation would be after 12 months. The fact about cancellation shall be published in public domain.

*(Draft Circular-F.No. 137/22/2012 - Service Tax, Dated April 4, 2012)*

**+ Proposed scheme for electronic refund of service tax on taxable service used for export of goods:** A committee has been constituted to review electronic refund of service tax paid on taxable services used for export of goods at the post manufacturing stage. The Committee has to evolve a scientific approach for fixing rates for service tax refund and propose a revised schedule of rates for service tax refund in view of the change of rate of service tax to 12% and also the movement towards 'Negative list' approach to taxation of services. The Government has invited the views and suggestions from the trade and industry in this regard. The same may be sent to [feedbackonstr@gmail.com](mailto:feedbackonstr@gmail.com). *(Circular -156/7/2012 - Service Tax dated April 09, 2012)*

## **KARNATAKA VAT:**

**+ E-payment mandatory for payment of tax in excess of Rs. 25,000 or any other amounts without any threshold:** The Commissioner of Commercial Tax, Karnataka has notified that dealers liable to pay an amount of Rs. 25,000/- or more of tax or any other amount due under the Karnataka VAT Act, 2003 shall be required to pay the amount through the electronic remittance mode. This notification is effective from June 01, 2012. As a reference, upto May 31, 2012, e-payment of tax is mandatory only where the payment of tax is in excess of Rs. 1 lakh. *(Notification No. EG1.CR-4/2012-13 dated April 27, 2012)*

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## FEMA:

- + **Consolidated FDI policy:** The Department of Industrial Policy and Promotion (DIPP) has issued the consolidated Foreign Direct Investment Policy effective from April 01, 2012. The said policy can be accessed at the following link: <http://dipp.nic.in/English/Policies/Policy.aspx>
  
- + **Refinancing/ Rescheduling of ECB's and rationalization:** As per the existing guidelines, existing ECB may be refinanced by raising a fresh ECB subject to the condition that the fresh ECB is raised at a lower all-in-cost. It is decided that for the purpose of refinancing an existing ECB, borrowers can raise fresh ECB /reschedule an existing ECB at a higher all-in-cost under the approval route subject to the condition that the enhanced all-in-cost does not exceed the all-in-cost ceiling prescribed as per the extant guidelines. *(A.P (Dir Series) Circular no 112 dated April 20, 2012)*
  
- + **Liberalisation in Overseas Investment by resident individuals:** The existing regulations require an Indian party to obtain prior permission of the Reserve Bank to open / hold/ and maintain Foreign Current Account in a foreign country for the purpose of overseas direct investment in that country as per the requirement of the host country's regulations. It is decided to liberalise the said regulations to provide operational flexibility to the Indian party subject to the following conditions:
  - The Indian party is eligible for overseas direct investments in terms of Regulation 6 (Regulation 7, if applicable) of Notification No. FEMA 120/RB-2004 dated July 7, 2004.
  - The host country regulations stipulate that the investments into the country are required to be routed through a designated account.
  - FCA shall be opened, held and maintained as per the regulation of the host country.
  - The remittances sent to the FCA by the Indian party should be utilized only for making overseas direct investment into the Joint Venture (JV) / Wholly Owned Subsidiary (WOS) abroad.
  - Amounts received in the account by way of dividend and / or other entitlements from the subsidiary shall be repatriated to India within 30 days from the date of credit.
  - The Indian party should submit the details of debits and credits in the FCA on yearly basis to the designated AD bank with a certificate from the Statutory Auditors of the Indian party certifying that the FCA was maintained as per the host country laws and the extant FEMA regulations / provisions as applicable.
  - The FCA so opened shall be closed immediately or within 30 days from the date of disinvestment from JV / WOS or cessation thereof.

*(A.P (Dir Series) Circular no 101 dated April 02, 2012)*

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- + **ECB's for civil aviation sector:** As per the existing guidelines ECB for workings capital is not a permissible end use. It has now been decided with immediate effect to permit ECB for working capital as an end use for the civil aviation sector under the approval route subject to the conditions specified. (*A.P (Dir Series) Circular no 113 dated April 24, 2012*)

## OTHERS:

- + **Revision of Interest rates on Public Provident Fund Scheme, 1968 (PPF) and Senior Citizen Savings Scheme, 2004 (SCSS):**

The rate of interest on PPF, 1968 and SCSS, 2004 for the financial year 2012-13 effective from April 1, 2012, will be as under:

Scheme	Rate of interest w.e.f. 1.12.2011	Rate of interest w.e.f. 01.04.2012
5 year SCSS, 2004	9.0% p.a	9.3% p.a
PPF, 1968	8.6% p.a	8.8% p.a

(Circular DGBA.CDD. No. H- 6506/15.02.001/2011-12,Dated 3-4-2012)

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