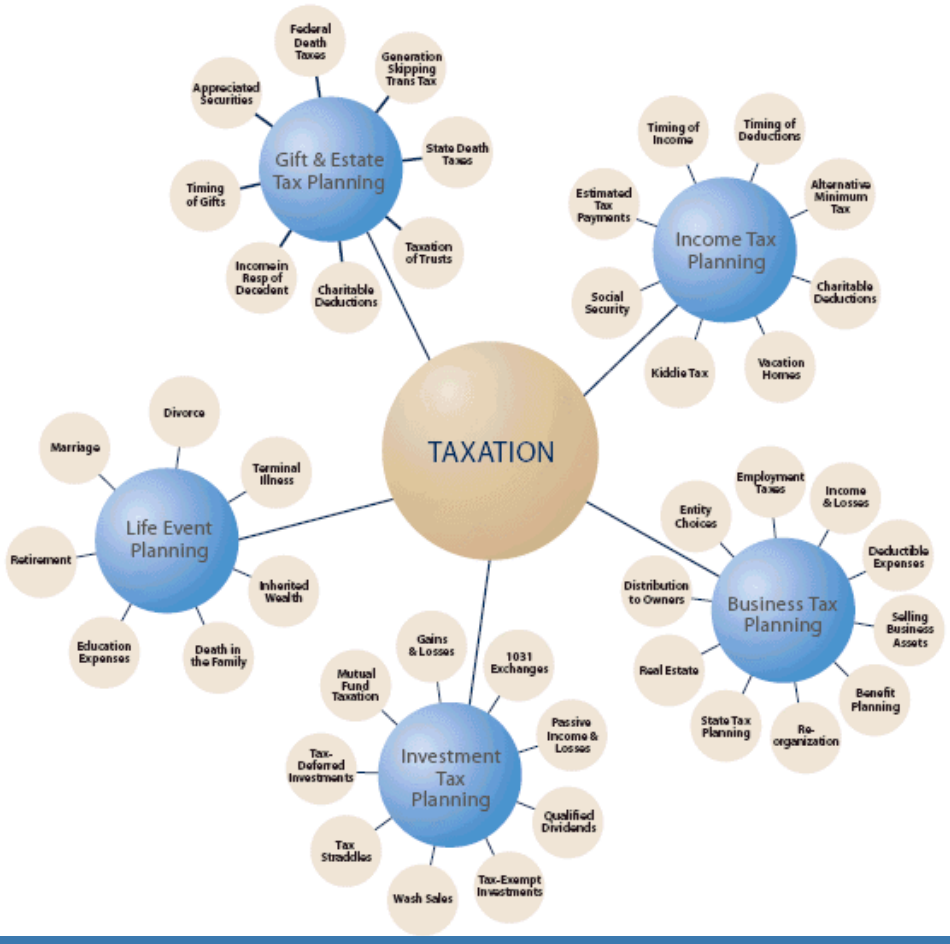
ASC Times

All India Taxes Weekly Referencer

Vol: April 01-05, 2015



From the CEO's Desk

Hi All,

Though a defeat at ICC World Cup (Cricket) semi finals at Sydney left many heartbroken, still we should not forget the victorious inning by Indian team of 7 matches where they performed with perfection. They deserve all the cheering when they get back home. Australia took its revenge of the last time when India did the same with the defending champions by throwing them out of the world cup.

An ever-controversial Bus Rapid Transit (BRT) corridor has now been decided to be scrapped by the CM Mr. Arvind Kejriwal. The Rs. 400-crore (BRT) will be undone soon. Though the idea was noble to make the public transport speedier, it was always a point of discussion and cons were always more than pros of the system. Instead a 6-lane road will come up which will be open to public and private vehicles alike.

Liberty and freedom of expression are the two cardinal pillars of any democracy. Keeping in the view, the Supreme Court of India declared Section 66A of Information Technology Act as unconstitutional and struck it down. The court said such a law hit at the root of liberty and freedom of expression, and has been widely misused by police in various states to arrest innocent persons for posting critical comments about social and political issues and political leaders on social networking sites. Though I would like to use the platform to express my view that all these social networking sites should only be used for a higher purpose and people should refrain from mis-utilising these sites.

Kerala finance minister Mr. K.M. Mani has been chosen unanimously as the new chairman of the Empowered Committee of states FM's on 25 March 2015, looking to roll out the ambitious GST (Goods and Service Tax) from April 2016. According to Mr. Mani, the major challenge faced by the committee is of convincing the states that GST will be in favor of everyone alike and any hesitation is only a product of resistance to change or coming out of the comfort zone. But we need to look at the "Big Picture" and all of us should contribute towards it to make it happen.

Alok Kumar Agarwal
CEO
ASC Group

TAX CALENDAR

Due Date	Compliances from 01/04/15 to 05/04/15
NO COMPLIANCES	

Country Wide Holidays for the Week

Date	State	Occasion/Festival
2nd Apr	Bihar, Chhattisgarh, Delhi, Gujarat, Haryana, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Mizoram, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh, Uttarakhand	Mahavir Jayanti
3rd Apr	All States	Good Friday

Index Guide

CENTRAL TAXES

SERVICE TAX

COURT DECISIONS

UNION OF INDIA V/S M/S CHHATTISGARH STATE BEVERAGES CORPORATION (Chhattisgarh HC)

BRIEF: The assessee is a Government company of State of Chhattisgarh. The adjudicating officer issued four notices demanding service tax, interest and penalty from the assessee for being clearing and forwarding agent. The assessee claims to be a procurement agent for sale and purchase of liquor for the State rather than the clearing and forwarding agent as alleged.

OUR TAKE: In the above case, **the Hon'ble Chhattisgarh High Court** held that if the assessee was engaged in sale and purchase of liquor for the State, then no service tax was payable. On the basis of findings it was also clear that the assessee was not a clearing and forwarding agent for the State Government. Since the assessee is engaged in sale and purchase of liquor for the State, it does not fall within the definition of clearing and forwarding agent as defined in Section 65(25) of the Finance Act, 1994. **[Decided against Revenue]**

UNION OF INDIA V/S M/S RAIPUR ROTOCAST LTD. (Chhattisgarh HC)

BRIEF: The Assessee had utilized the Cenvat credit of the service tax on the insurance premium in respect of a Transit Insurance of induction furnace and transformer, Group Personal Accidental Policy and Group Health Guard Policy of Company staff for the period from March, 2005 to December, 2005. The Department issued a show cause notice in respect to disallowing the Cenvat Credit stating that the above service was not covered by the definition of input services.

OUR TAKE: In the above case, the **Hon'ble Chhattisgarh High Court** held that Rule 2(l)(ii) provides that 'input service' would include any service used by the manufacturer whether directly or indirectly in relation to the manufacture of final product and clearance of final products from the place of removal. Rule 2(l)(ii) is further defined by the description of certain services which are only inclusive. The transit insurance paid by the assessee on the aforesaid item is indirectly in relation to the manufacture of the final Products and is included in service. And thus the Cenvat Credit is allowable. **[Decided against Revenue]**

KIRLOSKAR PNEUMATIC CO. LTD. V/S COMMISSIONER OF CENTRAL EXCISE, PUNE-III (CESTAT Mumbai)

BRIEF: The employees of the appellant had incurred travel expenses while providing output service and the said travel expenses were recovered from the service-recipient but the appellant had failed to pay service tax on the said expenses recovered from the service-recipient. Hence, a show cause notice was issued demanding service tax, interest and penalty. The assessee is in appeal against the same.

OUR TAKE: In the above case, the **Hon'ble CESTAT Mumbai** held that a perusal of the sample invoice indicated separately the inspection, service charges and also the to-and-fro actual charges for travelling. It is clear that the appellant had discharged the appropriate service tax liability on the service charges billed by them for rendering services to the client. The amount that is collected by the appellant is travelling expenses incurred by the appellant's engineers to visit the site of the client. **Being a reimbursable expense, it is not includible for the purpose of calculating the value of taxable services. [Decided in favour of assessee]**

RAJE VIJAYSINGH DAFALE SSK LTD. V/S COMMISSIONER OF CENTRAL EXCISE, KOLHAPUR (CESTAT Mumbai)

BRIEF: The assessee was a sugar factory and due to default in payment of loans, the said factory was taken over by M/s. Maharashtra State Co-operative Bank Ltd. who leased out the factory to M/s. Rajaram Bapu Patil SSK Ltd. It cannot be said that the appellant rendered any 'manpower supply or recruitment service' as it has not received any consideration from the lessee who has paid the salaries and wages to the employees directly. A service tax demand had been ordered along with interest and penalty .

OUR TAKE: In the above case, the **Hon'ble CESTAT Mumbai** held that the lessor being a secured creditor had taken over the factory of the borrower under Section 13(2) of **The Securitisation And Reconstruction Of Financial Assets And Enforcement Of Security Interest Act, 2002** to recover its dues and has leased out the factory of the borrower to the lessee. The lessee had then continued the services of the persons who were already working for the assessee, and paid them salaries/wages directly. In this course, the assessee has not received any consideration and hence there was no question of demanding any service tax. **[Decided in favour of assessee]**

M/S. BHARAT FORGE LTD. V/S COMMISSIONER OF CENTRAL EXCISE, PUNE-III (CESTAT Mumbai)

BRIEF: The appellant is a manufacturer of crank shaft/forging. Further, the appellant clears its products both in DTA and export. For such export purpose, it availed the service of Overseas Commission Agent, who procured sale orders for the appellant. A show-cause notice was issued on the appellant confirming demands and penalties under various sections of the Finance Act, 1994 for not paying service tax on Reverse Charge Basis for the remuneration paid to the Overseas Commission Agent. The appellant is in appeal against the same.

OUR TAKE: In the above case, **the Hon'ble CESTAT Mumbai** held that appellant is not liable to tax on reverse charge basis prior to the period 18.4.2006. Thus, the demand for the period prior to 18.4.2006 is fully set aside along with penalty and interest. The appellant shall only be liable to pay the demand of Service Tax subsequent to 18.4.2006 along with interest as per Rule. Benefit of Section 80 is granted to the appellant and all penalties including u/s 78 are set aside. **[Decided in favour of assessee]**

CENTRAL EXCISE

COURT DECISIONS

M/S. MARUTI SUZUKI INDIA LTD. V/S COMMNR. OF CENTRAL EXCISE (Supreme Court)

BRIEF: The Department by way of intelligence, gathered information that the appellant had cleared inputs/ spares after processing, but duty was only paid equivalent to the MODVAT credit taken on these inputs before processing, and hence a substantial increase in the value of these inputs has escaped payment of duty on account of value addition in such inputs after processing. More specifically, what was alleged was that various spare parts relatable to motor vehicles that were manufactured were procured by it in the form of bumpers, grills, etc., which have undergone the process of Electro Deposition anti-rust to increase the shelf life of the said bumpers, grills, etc., have escaped duty on account of the value addition of EDC.

OUR TAKE: In the above case the **Hon'ble Supreme Court** held that value addition without any change in name, character or end use of goods cannot possibly constitute criteria to decide as to what is manufacture. It is clear that the inputs that were removed from the factory remained the same despite ED coating and consequent value addition. In the case of S.R. Tissues Pvt. Ltd., it had been stated that on account of mere value addition, it cannot be said that manufacture has taken place, when in fact, it has not. It is clear, therefore, that the inputs procured by the assessee continued to be the same inputs even after ED coating and that Rule 57F(ii) proviso would therefore apply when such inputs are removed from the factory for home consumption, the excise duty payable being the amount of credit that has been availed in respect of such inputs under Rule 57A. **[Decided in favour of assessee]**

M/S. GOYAL ISPAT LTD. V/S THE CUSTOM, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL, THE COMMISSIONER OF CENTRAL EXCISE (Gujarat HC)

BRIEF: The assessee is engaged in the manufacture of CTD Bars falling under chapter sub-heading 7214/7204 of the first schedule to the Central Excise Tariff Act, 1985 and cleared the same on payment of appropriate duty. During inspection, the officers found that there was a shortage of stock as against the stock declared in the stock register of finished goods. A mahazar was drawn and a statement was recorded in the presence of Shri.J.Balaji, Manager, Authorized Signatory and two independent witnesses. Also, a SCN was issued with a demand of duty along with penalty imposed under Section 11AC of the Central Excise Act, 1944.

OUR TAKE: In the above case, **the Hon'ble Madras High Court** held that recording of the correct quantity of goods had been done in the presence of witnesses and such shortage was supported by the unrestricted statement of Mr. Balaji, Manager of the assessee company. This means that there is a clandestine removal of goods. Thus, the demand imposed was justified. However, following the case of **Gaurang Alloys & Iron Ltd. vs. CCE Ranchi**, penalty imposed under Section 11AC was deleted. **[Decided against assessee]**

COMMISSIONER OF CENTRAL EXCISE CHENNAI III COMMISSIONERATE V/S THE CONCRETE PRODUCTS & CONSTRUCTION COMPANY AND CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL (Madras HC)

BRIEF: The 1st respondent is a manufacturer of concrete sleepers and suppliers to the Indian Railways. The contract is for a fixed quantity. The contract envisages price variation clause. Escalation claims are preferred on regular basis, which on acceptance by the Railways, differential duty is paid. Due to escalation, price of the material cost/ labour is not possible to be given at a given point of time. The ACCE, Vellore, finalized the provisional assessment under rule 7 (3) of the Central Excise Rules and demanded interest of Rs. 42,484/- on the differential duty. Aggrieved by the said assessment, the assessee preferred appeal before the Commissioner (Appeals), who allowed the appeal filed by the assessee against which the Revenue

preferred appeal, however with an application seeking condonation of delay of 39 days in filing the appeal. However, the Tribunal rejected the said application seeking condonation of delay. Aggrieved against the said order of the Tribunal, the appellant/Department is before this Court by filing the present appeal.

OUR TAKE: In the above case, the **Hon'ble Madras High Court** held that Court was not inclined to agree with the finding of the Tribunal refusing to condone the delay of 38/39 days in filing the appeal. The reason for the delay has been explained by the appellant. From the explanation offered by the appellant, it is clear that a decision was taken by a Committee of Commissioners and, therefore, there is no scope for the concerned Commissioner to interdict and seek for earlier review by the Committee. The delay was not within the hands of the concerned Commissioner. The decision of the **Supreme Court in Collector, Land Acquisition Anantnag & Anr Vs MST Katiji & Ors**, and in **State of Nagaland Vs LIPOK AO**, are squarely applicable to the facts of the present case as sufficient cause has been shown for condoning the delay. **[Decided in favour of Revenue]**

CUSTOMS

COURT DECISIONS

M/S. ORACLE INDIA PVT LTD V/S THE COMMISSIONER OF CUSTOMS, BANGALORE (Supreme Court)

BRIEF: This is an application for stay of the demand of interest as well as the penalty. The Department is of the view that there may be grant of stay as far as the penalty is concerned but as far as the interest component is concerned, the appellant should pay at least 50% of the same. The assessee submits that his goods which have been imported and also the goods that are meant for the export have been detained at Chennai Port Trust and Bangalore Airport/Customs Depot and there is no justification for such detention.

OUR TAKE: In the above case, the **Hon'ble Supreme Court** held that applicant shall submit an undertaking within one week from the date of judgement that it will deposit an amount of Rs. 40,00,00,000 with the respondent no.1 within 6 weeks from the date of the judgement. On such undertaking being given, the items which are lying at the Chennai Port Trust and Bangalore Airport/Customs Depot shall be released on payment of usual duty. **[Decided conditionally in favour of assessee]**

M/S. BLUE BREEZE ENTERPRISES V/S THE ASSISTANT COMMISSIONER OF CUSTOMS (Madras HC)

BRIEF: The petitioner is a Government recognised Export house. In the course of their business, the petitioner had exported garments vide various shipping bills filed with the Inland Container Depot, Tirupur. The officer concerned rejected the classification made by the petitioner and had sanctioned the drawback under a different serial number of the drawback schedule, which led to short payment of duty drawback. The petitioner claims that it is entitled for duty drawback for the goods exported in terms of Section 75 of Customs Act, 1962.

OUR TAKE: In the above case, the **Hon'ble Madras High Court** held that opportunity was not given to the petitioner before passing such orders and there is no **speaking order** at all, it is only a correspondence between the parties. However, Section 149 of Customs Act is silent about the hearing the petitioner. The respondent ought not to have passed an order, without hearing the petitioner and he could have given an opportunity of hearing to the petitioner, before passing any order. Even though the petitioner approached the original authority for getting a speaking order the Appellate Authority has not passed any speaking order. Thus, the order cannot be treated as a speaking order and the matter was remanded back. **[Decided in favour of assessee]**

COMMISSIONER OF CUSTOMS (EXPORTS) CUSTOM HOUSE V/S M/S. SAYONARA EXPORTS PVT. LTD., CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL (Madras HC)

BRIEF: The 1st respondent imported RDB Palmolein (edible grade) and paid extra duty deposit (for short 'EDD') of Rs. 1,13,004/- for the purpose of provisional assessment of the imported goods, pending survey report. On submission of the report, the Department finalized the provisional assessment on 9.6.00 and forwarded the file to the Refund Section for refund of the EDD. The Assistant Commissioner of Customs (Refund), suo motu, passed an order on 15.9.05 holding that no refund application has been filed as required under Explanation II to Section 27 of the Act and the refund application should have been filed within six months from the date of finalization of provisional assessment and, therefore, rejected the claim.

OUR TAKE: In the above case, the **Hon'ble Madras High Court** held that the assessee has paid provisional duty which gets reduced on final assessment. The assessee, therefore, becomes entitled to refund which is payable in terms of Rule 9B of the Excise Act, 1944 or Section 18 of the Act. For refund on this account, no application is required to be filed u/s 27 of the Act and therefore, sub-Section (2) relating to unjust enrichment is not applicable. Further, insertions vide sub-sections (3), (4) and (5) to Section 18 are effective from 13.07.06 and obviously are not applicable to the case in hand

as they do not have retrospective effect. Following decision of **Commissioner Of Customs V/s Indian Oil Corporation- (Delhi HC-2012) [Decided in favour of assessee]**

INCOME TAX

NOTIFICATIONS & CIRCULARS

The **CBDT vide Notification No. 31/2015 dated 24th March 2015** hereby provides that the Central Govt. has notified for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961) "**West Bengal Transport Workers' Social Security Scheme**" of West Bengal State Social Security Board established by Government of West Bengal, in respect of the following specified income arising to that Board, namely:-

a) amount received in the form of Government grants;
b) amount received as cess under the West Bengal Motor Transport Workers' Welfare Cess Act, 2010 (West Bengal Act V of 2010) and rules framed thereunder;
c) amount received as registration fees and renewal fees paid by the registered beneficiaries;
d) interest earned on fixed deposits.

This notification shall be applicable for the financial years 2014-15 to 2018-19.

The **CBDT vide Notification No. 30/2015 dated 24th March 2015** hereby provides that the Central Govt. has notified for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961) "**Chhattisgarh Building and Other Construction Workers' Welfare Board**", a Board constituted by the Government of Chhattisgarh in respect of the following specified income arising to that Board, namely:-

a) workers welfare cess;
b) interest income; and
c) registration fee.

This notification shall be applicable for the financial years 2013-14 to 2017-18.

The **CBDT vide Notification No. 29/2015 dated 24th March 2015** hereby provides that the Central Govt. has notified for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961) **Maharashtra State AIDS Control Society**, a body constituted by the Government of Maharashtra in respect of the following specified income arising to that Society, namely:-

"Amount received in the form of grants-in-aid from the Central Government".

This notification shall be deemed to be applicable for the financial years 2011-12 to 2013-14 and shall be applicable for the financial Years 2014-2015 and 2015-2016.

The **CBDT vide Notification No. 28/2015 dated 24th March 2015** hereby provides that the Central Govt. has notified for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 (43 of 1961) "**Bihar Electricity Regulatory Commission**", a Commission constituted by the Government of Bihar in respect of the following specified income arising to that Commission, namely:-

a) amount received in the form of Government grants;
b) amount received as licence fee from licensees in electricity
c) amount received as application processing fee; and
d) interest earned on Government grants and fee received

This notification shall be applicable for the financial years 2011-12 to 2015-16.

The **CBDT vide Notification No. 27/2015 dated 24th March 2015** hereby provides that the Central Govt. has notified for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 "**Joint Electricity Regulatory Commission for the State of Goa and Union territories**". a Commission constituted by the Government of India, in respect of the following specified income arising to that Commission, namely:-

a) petition fees;
b) licence fees;
c) interest earned from deposits in banks

This notification shall be applicable for the financial years 2011-12 to 2015-16.

The **CBDT vide Notification No. 26/2015 dated 24th March 2015** hereby provides that the Central Govt. has notified for the purposes of clause (46) of section 10 of the Income-tax Act, 1961 "**Kerala Toddy Workers' Welfare Fund Board**", a Board established under the Kerala Toddy Workers' Welfare Fund Act, 1969 (Kerala Act No. 22 of 1969), in respect of the following specified income arising to that Board, namely:-

a) sums received under Kerala Toddy Workers' Welfare Fund Act, 1969
b) contribution from the members as defined in clause (b) of section 2 of the Kerala Toddy Workers' Welfare Fund Act, 1969
c) interest earned from deposits in banks.

This notification shall be applicable for the financial years 2013-14 to 2017-18.

However, all of the above mentioned in Notifications 26/2015 to 31/2015 should file return of income in accordance with the provision of 139 (4C) (g) of the Income Tax Act, should not engage in any commercial activity and the activities and the nature of the specified income derived shall remain unchanged throughout the financial years.

OUR TAKE: Section 10(46) deals with specified income arising to a body or authority or Board or Trust or Commission, established by or under a Central or State Act or by a Central or State Govt with the object of regulating or administering any activity for the benefit of the general public, which would be exempt from tax subject to the condition that the said entity is not engaged in any commercial activity.

CLARIFICATION REGARDING EXPLANATION 5 TO CLAUSE (i) OF SUB-SECTION (1) OF SECTION 9 OF INCOME-TAX ACT, 1961

The **CBDT** vide **Circular No. 4 /2015 dated 26th March 2015** has hereby clarified that an asset or a capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be and shall always be deemed to have been situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets located in India.

OUR TAKE: It is therefore, clarified that the dividends declared and paid by a foreign company outside India in respect of shares which derive their value substantially from assets situated in India would not be deemed to be income accruing or arising in India by virtue of the provisions of Explanation 5 to section 9 (1) (i) of the Act.

COURT DECISIONS

TAPARIA TOOLS LIMITED V/S JOINT COMMISSIONER OF INCOME TAX (Supreme Court)

BRIEF: The question of law, in the given circumstances, which has arisen for consideration is as to whether the liability of the assessee to pay the interest upfront to the debenture holder is allowable as a deduction in the first year itself or it is to be spread over a period of five years, being the life of the debentures? The A.O. had treated the expenditure as deferred revenue expenditure to be written off over a period of five years.

OUR TAKE: In the above case, the **Hon'ble Supreme Court** held that since the assessee did not want spread over of this expenditure over a period of five years as in the return filed by it, it had claimed the entire interest paid upfront as deductible expenditure in the same year. It was permissible in law that the assessee could claim the expenditure in the year in which it was incurred. Merely because a different treatment was given in the books of accounts cannot be a factor which would deprive the assessee from claiming the entire expenditure as a deduction. This has repeatedly been held by the Supreme Court that entries in the books of accounts are not determinative or conclusive and the matter is to be examined on the true basis of provisions contained in the Act. Since the assessee chose to claim the entire expenditure in the year in which it was spent/paid, AO was bound to carry out the assessment in the manner the return was filed. Thus the assessee would be entitled to deduction of the entire expenditure in the year in which the amount was actually paid. **[Decided in favour of assessee]**

COMMISSIONER OF INCOME TAX (CENTRAL) -III V/S MICROWAVE COMMUNICATIONS LTD. (Delhi HC)

BRIEF: The revenue urges that the interest on payment in the character of license fee could not be amortized in view of Section 35ABB of the Income Tax Act.
The question is whether the license fee payable by telecom service providers to the Department of Telecommunications is to be treated as capital or revenue expenditure.

OUR TAKE: In the above case, the **Hon'ble Delhi High Court** held that the expenditure incurred towards licence fee is partly revenue and partly capital. Also, interest paid was capital expenditure because license fee itself was capital in nature. Licence fee payable upto 31st July, 1999 should be treated as capital expenditure and the licence fee payable thereafter should be treated as revenue expenditure as held in the case of **Commissioner of Income Tax V. Bharti Hexacom (2013-HC)** . For Section 35ABB, only capital expenditure would qualify as deduction. **[Decided in favour of Revenue]**

STATE TAXES

ALL INDIA VAT

ANDHRA PRADESH

The Govt. of Andhra Pradesh vide Notification G.O.MS.No. 100 dated 24th March 2015 has hereby ordered to refund the Tax paid on purchase of all components used in the construction and erection of Water Treatment Plants under the Scheme "NTR Sujala Pathakam", subject to the following conditions:

1.) The refund shall be limited only to 5% tax irrespective of the tax (5% or 14.5%) actually paid;

2.) The claim of refund shall be made in duplicate in Form 510 prescribed under sub-rule (11) of Rule 35 of the Andhra Pradesh Value Added Tax Rules, 2005 to the Commissioner of Commercial Taxes, after scrutiny and approval by the Panchayat Raj & Rural Development (RWS) Department, within a period of 6 (six) months from the date of purchase as specified under sub-section (3) of section 15 of the Andhra Pradesh Value Added Tax Act.

3.) The claim shall be accompanied by the purchase invoices in original; and

4.) The Commissioner of Commercial Taxes shall, after verification of the invoices, refund the tax within 45 days from the date of submission of Form 510 as specified under sub-rule (11) of Rule 35 of the Andhra Pradesh Value Added Tax Rules, 2005.

OUR TAKE: The taxes paid viz-a-viz purchase of all components used in the construction and erection of Water Treatment Plants under the Scheme "NTR Sujala Pathakam" shall after the verification of the invoices be refunded by the CCT within 45 days from the date of submission of the prescribed form 510, on fulfilment of the aforementioned conditions.

The **Govt. of Andhra Pradesh vide Circular dated 20th March 2015** has issued the following instructions:

1.) As per sub-rules 4-10 of Rule 20 of AP VAT Rules, the VAT dealers dealing in different combinations of taxable sales, exempted goods sales, exempted transactions are required to file form VAT 200B along with VAT 200 in the month of March , showing the calculation of actual eligible input tax credit for the period of twelve months ending March.

2.) As per sub-rule 12 of Rule 20 Where a VAT dealer opts to pay tax by way of composition, Such VAT dealers shall calculate for each tax period the eligible input tax credit by excluding the turnover or value relating to composition in Form VAT 200E along with Form VAT 200 for each tax period.

3.) An adjustment return in Form VAT 200F for the month of March for a period of 12 months ending March making an adjustment of input tax credit shall be furnished by the VAT dealer.

Every VAT Dealer while submitting monthly VAT 200 returns is required to furnish Invoice wise and Commodity wise purchases from /sales to VAT dealers pertaining to that month in Annexure I and II as prescribed in the Rules from 23rd April 2015 to 10th May 2015. The procedure is mentioned in **CIRCULAR No. CCTs Ref. No.A I (1)/26/2014, dated 26th March, 2015.**

OUR TAKE: The AC (CT), LTU of each division is required to enter the data of VAT 200 B/ VAT 200F, as the case may be, in respect of all dealers of LTU in the division for the months of March 2013 and March 2014 on or before 30-04-2015. The CTOs of circles are required to enter the data of VAT 200B/ VAT 200F pertaining to Top 50 dealers in each circle for the months of March 2013 and March 2014 on or before 30-04-2015 by logging into the VAT Information System.

MEGHALAYA

The Govt. of Meghalaya vide Notification No. No. ERTS(T)5/2010/203 Dated 18th March, 2015 the following amendments to the State VAT Schedules namely:

1.) In Schedule I to the Meghalaya Value Added Tax Act, 2003 as amended (hereinafter referred to as the principal Act), in SL. 39, the words 'unmanufactured tobacco' shall be omitted.

2.) In Schedule V to the principal Act, for SL. No. 6 the following shall be substituted with

Sl. No.	Description of good	Rate of tax
6	i)Cigarette, cheroots, cigar, bidi, smoking mixture.	27%
	ii)Tobacco and tobacco products including scented tobacco, zarda, sada, khaini, tobacco mixed pan masala and raw and unmanufactured tobacco but excluding items mentioned in clause (i) above.	20%

OUR TAKE: The notification is self explanatory.

Also, vide **Notification No. ERTS (T) 81/2014/22 dated 18th March 2015 the** Governor of Meghalaya has revised the rate of tax on goods specified in Schedule of the Sales of Petroleum and Petroleum Products including Motor Spirit) Taxation Act, (Assam Act IX of 1956 as adapted and amended by Meghalaya) and to further specify that the rate of tax as indicated in the Schedule below will come into force:

Sl. No.	Description	Rate of Tax
03.	*Diesel oil and other internal combustion oil but excluding petrol*	13.5%

Sales Tax Surcharge @2% of the Tax shall be levied except on declared goods.

Also, vide **Notification No. ERTS (T) 81/2014/23 dated 18th March 2015 has directed that the exemption granted** to the Oil Companies and retail outlets registered as dealer with the

concerned Superintendent of Taxes from payment of part of the tax payable on sales of motor spirit within the State of Meghalaya **s**hall stand reduced to `0.56 paise per litre, from the amount `1.13 paise.

And, vide **Notification No. ERTS (T) 81/2014/24** the Governor of Meghalaya has **cancelled** the exemption granted to the Oil Companies and retail outlets registered as dealer with the concerned Superintendent of Taxes from payment of part of the tax payable on sales of diesel within the State of Meghalaya @ `0.50 paise per litre.

OUR TAKE: The notifications are self explanatory.

TAMIL NADU

The Govt. of Tamil Nadu vide G.O.Ms. No.45 has made the following amendments:

1.) An exemption in respect of tax payable under the Tamil Nadu VAT Act by any dealer on the works contract relating to sizing of yarn has been granted.

2.) A reduction in rate of tax from 5 per cent to 2 per cent in respect of tax payable under the said Act by any dealer on the sale of Cardamom has been made.

3.) A reduction in rate of tax from 14.5 per cent to 5 per cent in respect of tax payable under the said Act by any dealer on the sale of Cellular Telephone (Mobile Phone) has been made.

OUR TAKE: The notification is self explanatory.

The State Budget of Tamil Nadu for 2015-16 has been presented. Readers are requested to go through it for the updates.

TELENGANA

The **Govt. of Telengana vide Notification G.O.MS.No.31 has come up with the following modifications to the VAT Act:**

1.) Throughout the Andhra Pradesh Value added Tax Rules, 2005 for the words "Andhra Pradesh" (occurring otherwise than in a citation or description or title of other laws including the Rules as the case may be), the word "Telangana" shall be substituted

2.) In the rule 23, in sub-rule (1), after the words and expression "A return to be filed by a VAT dealer under section 20 shall be on Form VAT 20 ", the following shall be inserted, namely,-
"along with details of purchases and sales in Annexure-I and II and the details of the transactions in respect of which the input tax credit is liable to be restricted under the Act in Annexure III"

OUR TAKE: The notification is self explanatory.

GOA

The State Budget of Goa for 2015-16 has been presented. Readers are requested to go through it for the updates.

OTHER UPDATES

RBI

SCHEME FOR COLLECTION OF DUES OF (I) CBDT (II) CBEC (III) DEPARTMENTALIZED MINISTRIES ACCOUNT – FURNISHING OF STATEMENT OF RESIDUAL TRANSACTIONS - FINANCIAL YEAR 2014-15

The **RBI vide Circular RBI/2014-15/521 dated 27th March 2015** has advised the procedure to be followed for reporting and accounting of collection of Direct Taxes (CBDT) and Indirect Taxes (CBEC) and transactions of Departmentalised Ministries at the Receiving/Nodal/Focal Point branches of bank for the Financial Year 2014-15. In view of the bank holidays from April 1 to 5, 2015 in various centres, the reporting of the actual position of revenue collection for the financial year 2014-15 may get delayed. To ensure prompt reporting of the tax collection figures for the year ending March 2015, this procedure is adopted. In the normal course, the settlement figures with Reserve Bank of India, Central Accounts Section (CAS) are captured in the daily reporting of agency banks to them while the pipeline residual transactions are reported till April 15, 2015. In addition, agency banks are advised to provide the residual figures separately for MIS purpose as per format given in the Annexure on a daily basis for April 1, 2 and 3, 2015. It is also imperative that agency banks report their March 2015 collections including residual transactions to NSDL and CBDT/CBEC promptly without any delay.

We may be contacted at the following offices:

CORPORATE OFFICE
73, National Park
Lajpat Nagar IV,
New Delhi - 110024
INDIA
P: +91-11-41729056-57, 41729656/57

GURGAON
605, Suncity Business Tower
Golf Course Road, Sector-54,
Gurgaon,
Haryana - 122002
P: +91-124-4245110/116/117 +91-124-4245111

KOLKATA
1, Old Court House Corner
Tobacco House 1st floor,
Room No. 13 (North),
Kolkata - 700001
P: +91-33-2262 5203
M: +9198315 94980

MUMBAI
Sitai Vihar,
Plot No 67A, Sector New 50
4th Floor, B- Wing
Navi Mumbai – 400706
Mumbai
M: +91- 9022131399

NOIDA
C-100,Sector-2,
Noida- 201301
Uttar Pradesh
M: +91- 9811481093

ASSAM
House No. 76,
Near Godrej Interio,
Forest Gate, P.O. Narangi,
Guwahati – 781026
P: +91-0361-2552302
M: +91-9864857565

INTERNATIONAL BRANCH
303,5th Avenue Suite 1007,
New York, NY 10016, U.S.A

For enquiries related to:

Service	Contact Person	Service	Contact Person
DVAT:	faiz@ascgroup.in	Service Tax:	nitin@ascgroup.in
HVAT:	deepak@ascgroup.in	WBVAT:	cavivekjalan@gmail.com
TDS:	mayank.singhal@ascgroup.in	Transfer Pricing & PE:	shailendra@ascgroup.in
Excise:	deepak@ascgroup.in	Legal Metrology:	legal@ascgroup.in
UPVAT:	jaswant@ascgroup.in	Company Law:	legal@ascgroup.in
Income Tax:	vikash@ascgroup.in	PR/Media	socialmedia@ascgroup.in
Maharashtra VAT:	niten@ascgroup.in		

.