

CORPORATE UPDATE

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SERVICE TAX

I. In case of Services Provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India to the customs stations in India, Importer is liable to pay service tax under Reverse Charge Mechanism

Vide Notification No. 1/2017-Service Tax dated 12th January, 2017, Service Tax exemption was withdrawn for services provided by a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India.

Further, Vide Notification No. 2/2017 and 3/2017-Service Tax dated 12th January, 2017, it has been provided that in relation to such services, the person in India who complies with sections 29, 30 or 38 read with section 148 of the Customs Act, 1962 i.e. Person in Charge would be liable to pay Service Tax under reverse charge mechanism.

On the basis of several representation received regarding taxability of above mentioned services, following amendment has been made in service tax provisions vide various Notifications issued by the Board:

Vide Notification No. 15/2017-Service Tax and 16/2017-Service Tax both dated 13th April, 2017, Notification No. 2/2017 has been amended and it has been provided that instead of Person in Charge, Importer would be liable to pay Service Tax under Reverse Charge Mechanism. Importer shall mean as defined in the Customs Act as: Importer is defined in Section 2(26) Custom Act, 1962, "in relation to any goods at any time between their importation and the time when they are cleared for home consumption, includes any owner or any person holding himself out to be the importer". This change shall come into force from 23rd April, 2017.

Vide Notification No. 16/2017-Service Tax dated 13th April, 2017, it has been provided that Importer liable to pay Service Tax have an option to pay service tax @ 1.4% of the CIF value of such imported goods. Further, Swachh Bharat Cess and Krishi Kalyan Cess on such value would be paid accordingly.

Vide Notification No. 14/2016 (correctly to read as 14/2017) - Service Tax dated 13th April, 2017, it has been provided that Point of Taxation with respect to transportation services provided by a vessel from a place outside India with respect of goods destined for India shall be the date of bill of lading of such goods in the vessel at the port of export.

The above mentioned changes shall be applicable with effect from January 22, 2017. Accordingly, no service tax is leviable if the bill of lading is of a date prior to 22nd January, 2017.

Vide Notification No. 10/2017-Central Excise (N.T.) dated 13th April, 2017, the importer of goods can avail Cenvat credit of Service Tax with respect the above mentioned services post payment of Service Tax. This change shall come into force from 23rd April, 2017.

CUSTOM DUTY

I. Benefits of individual notifications available even for goods assessed under Customs Tarrif Heading

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GOODS & SERVICE TAX (GST)

- I. GST Council Meeting Update
- II. Progress towards GST

Vide Circular F. No. 528/213/87-Cus. (T.U.) ICD Dated 08th August, 1987, board had stipulated that once a contract is registered either for initial setting up or for substantial expansion of an existing plant etc, the imports made become classifiable under the heading 9801 of the Customs Tarrif Heading ('CTH') is liable to duty at the project rate and such goods forming part of the contract loses their identity and cannot be classifiable on merits under any other heading of the Customs Tariff. However, Supreme Court has not accepted this view and has allowed benefit of individual notifications even for imports assessed under CTH 9801.

In view of the above position, board has decided to rescind the said circular with effect from 19th April, 2017 (Vide Circular No. 15/2017-Customs dated 19th April, 2017)

GOODS & SERVICE TAX (GST)

I. GST Council Meeting Update

A meeting of the GST Council was held on 31st March, 2017, wherein 5 set of Draft Rules dealing with Registration, Invoice, Payment, Return & Refund, that were originally issued, have been amended to bring them in conformity with the provision of the GST Law.

Further, four new Draft Rules dealing with GST Input Tax Credit, Valuation, Transitional Provisions and the Compensation scheme, have been approved and are available in public domain.

GST Council will meet again on May 18 - 19, 2017 to take up final approval of new draft rules and rate structure in relation to individual commodity.

II. Progress towards GST

On 13th April, 2017, the Honourable President of India has given assent to four legislations on Goods and Service Tax i.e. The Legislation were The Central GST Act, 2017, the Integrated Goods and Service Tax Act, 2017, The Union Territory Goods and Service Tax Act, 2017, The GST (Compensation to States) Act, 2017. These bills were passed in Rajya Sabha on 6th April, 2017 and Lok Sabha on 29th March, 2017.

Furthermore, five more set of draft rules deals with Assessment & Adjudication, E-Way Bill, Accounts and Records, Advance Ruling and Appeal & Revision are available in public domain.

As on May 10, 2017, ten State assemblies including Telangana, Bihar, Rajasthan, Jharkhand, Chhattisgarh, Uttrakhand, Madhya Pradesh, Haryana, Gujarat & Goa have passed the State Goods and Service Tax Bill, 2017.

(Contributed by: Mr. Shashank Goel/ Mr. Karan Chandna)

IMPORTANT DATES TO REMEMBER

Particulars	Date
Deposit of TDS for the month of May, 2017	Jun 07, 2017
Deposit of Service Tax for the month of May, 2017	Jun 06, 2017
Due date for filing Annual Information Return by certain persons (Refer Article II of 'Domestic Taxation' above)	May 31, 2017

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