



WIRC BULLETIN

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For Members only

April 2012

From the Desk of Chairman



Dear Professional Colleagues,

Last month from 15th to 17th March, we all attended the National Convention at 'Vigyan Bhavan' New Delhi with a theme of "Sustainability of Framework - Integrated Reporting - Imperatives for CMAs". For businesses, sustainability is a powerful and defining idea: a sustainable corporation is one that creates profit for its shareholders

while protecting the environment and improving the lives of those with whom it interacts. It operates so that its business interests and the interests of the environment and society intersect. All the deliberations during three days convention helped to understand important role of CMA'S to develop and implement environmental, social, and economic sustainability business strategies. I would like to congratulate "Chairman Convention Committee" and Vice President CMA Rakesh Singh and his team for organizing this mega event successfully.

WIRC also organized seminars in Mumbai to educate corporate and members in the light of Cost Audit Notification dated 24-Jan-2012. This time the strategy adopted was different and we have decided to organize industry wise separate seminars so that all relevant industry specific queries with respect to statutory Cost Accounting Compliances can be dealt with focused approach and accordingly on 27th March we organized seminar on New Mechanism of Cost Audit and Cost Accounting Record Rules applicable to "Automotive Components (Chapter Heading 84, 85 and 87) and now organizing with (Chapter Heading 28, 29, 32, 38 and 39) Organic & Inorganic Chemicals Industry in the next month.

As a part of 'Integrated Campus Program' planed by H.O., campus interview for Dec-2011 passed out students is scheduled at WIRC in Mumbai on 21st and 22nd of April 2012. Top companies like TCS, Wipro, Suzlon etc. are participating and students in the region will be having an excellent opportunity to choose their carrier option meticulously. I wish all passed out students in the region, best of luck for their campus interviews.

One important development is, we have added one more chapter "Vapi-Daman-Silvassa Chapter" in the western region and inaugurated by our president CMA M. Gopalakrishnan on 29th of March. The inaugural session was attended by members and students of newly formed chapter and eminent people from industry were also graced the occasion with their esteemed presence. I would like extend my hearty congratulations to CMA Modi (Chairman of the chapter) and his team

for development of new centre to facilitate students and members in the region.

Now count down for Cost Accounting compliances applicable for the year ended 31st March 2012 have started, since it is to be filed first time within 180 days from closing of financial year, all the members in the employment as well as in practice will have to be geared up to deliver the professional responsibilities assigned, qualitatively and timely. I wish all the members in the region every success and we all are confident that once again the profession will come out with flying colours.

I always look forward for valuable suggestions from members in the region for improving the performance of WIRC and for the development of the profession at large. Once again wish you all and your family members healthy and happy festive month of April on the auspicious occasions of Ram Navami and Mahavir Jayanti.

With Warm Regards,
CMA Vijay P. Joshi

Congratulations to

CMA Kirit B. Mehta Family of Mumbai

Another family where all members are CMAs !!

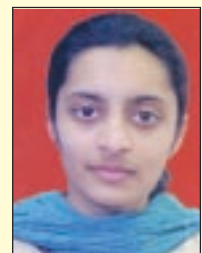
(In continuation to the announcement in March 2012 issue of WIRC Bulletin)



CMA Kirit B. Mehta



CMA Sukrut Kirit Mehta
80th Rank – All India



CMA Priyanka Kirit Mehta
76th Rank – All India



CMA J J Paleja felicitating Mr. M.H. Patil during CEP on Union Budget organized by WIRC on 17th March 2012 at Borivli SMF Centre.



CMA Avinash Gandhi felicitating CMA Jagdish Ahuja during CEP on Union Budget organized by WIRC on 24th March 2012 at Mulund College.



CMA Amit Apte, CCM-ICAI interacting with the participants during seminar on New Mechanism on CARR organized by WIRC on 27th March 2012 at Thane.



CMA Kirit Mehta, Past Chairman WIRC addressing the participants during the CEP organized by WIRC on 24th March 2012 at Vile Parle.



Selected candidates for Coal India Ltd. during the Campus Interview held at WIRC on 13th March 2012



Mr. Davis George (Principal, St. College), Mr. Manish Surti (SP CBI), Brig R M Rodrigues (Stn. Commander) & CMA Tapan Badkul, Secretary, Jabalpur Chapter during Investor Awareness Program organized by Jabalpur Chapter on 3-3-2012.



Best Chapter Award, Category A - Ahmedabad Chapter awarded at 53rd National Convention held at New Delhi.



Best Chapter Award, Category B - Surat South Gujarat Chapter awarded at 53rd National Convention held at New Delhi.



Essel Propack Ltd, Essel Group with turnover of over USD 300 million, is the largest specialty packaging company – manufacturing laminated and seamless or extruded plastic tubes. With over 2200 people representing 19 different nationalities, Essel Propack functions through 23 state of the art facilities in twelve countries. Creativity and innovation are intrinsic to Essel Propack and customer satisfaction is of utmost significance.

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UNION BUDGET SPECIAL

CMA A. B. Nawal, *Managing Director; BizsolIndia Services Pvt. Ltd.*



SERVICE TAX

CHANGES IN THE PROVISIONS OF FINANCE ACT, 1994

Section of Finance Act	Nature of Amendment	Summary of Changes	Author's Analysis
65	Insertion of Proviso	Proviso has been inserted after explanation so as to give effect that definitions specified under Section 65 of Finance Act, 1994 covering serial 1 to 121 will be applicable from the date to be notified by Central Government	Since all the services are covered except for negative list / exempted services definitions of various categories of services under Sec 65 will be irrelevant. There is no question of dispute relating to classification except of exempted services.
65A (3)	New Provision	Rules of interpretation of classification of services will not be applicable from the date to be notified by Central Government.	Since there will be no definition of services rules are interpretation of classification will be irrelevant.
65B	New Provision	New definition has been inserted from the date to be notified by Central Government. Refer Annexure A	We need to forget old definitions which were changed number of times are relearn new definition.
66	Insertion of Proviso	Proviso has been inserted after explanation so as to make earlier section not applicable from the date to be notified by Central Government	This section will be irrelevant after notified date since new charging section has been inserted as section 66B
66A	New Provision	New provision has been inserted after explanation so as to make earlier section not applicable from the date to be notified by Central Government	Charge of Service tax on services received from Outside India will be inapplicable from the notified date. However new rule will be notified in accordance with Sec 66C and therefore import of services will remain to be taxable.
66B	New Provision	Charging section has been inserted and rate of service tax has been notified at 12% on the value of all services except for services provided in the negative list provided or agreed to be provided in the taxable territory by one person to another and collected in such manner as may be prescribed	Accordingly earlier Notification No 8-2009-ST dated 24th Feb 2009 where the rate of service tax was notified @ 10% has been rescinded.
66C	New Provision	Central Government has been provided with the power to determine the place where such services are provided or deemed to have been provided or agreed to be provided or deemed to have been agreed to be provided for nature and description of various services and the said provision cannot be invalid nearly on the ground that either service provider or service receiver or both are located at a place being outside territory.	--
66D	New Provision	Negative list of service has been provided. Refer Annexure B	Refer Annexure B for the detailed definition and analysis.
66E	New Provision	Declared Services has been notified. Refer Annexure C	Declared Services has been inserted so as to conflict of defining the services and constitutional authorities thereof. In other words if Government is empowered to declare any activity as services under "Declared Services"
66F	New Provision	Rules of interpretation which was provided under earlier section 65A has been removed and new section 66F has been inserted to read as under (1) Unless otherwise specified, reference to a service (herein referred to as main service) shall not include reference to a service which is used for providing main service. (2) Where a service is capable of differential treatment for any purpose based on its description, the most specific description shall be preferred over a more general description. (3) Subject to the provisions of sub-section (2), the taxability of a bundled service shall be determined in the following manner, namely:-- (a) if various elements of such service are naturally bundled in the ordinary course of business, it shall be treated as provision of the single service which gives such bundle its essential character;	Perhaps account code of services may remain with some changes and therefore concept of bundled services has been introduced and service tax will be collected under one heading where highest liability of service tax will arise.

Section of Finance Act	Nature of Amendment	Summary of Changes	Author's Analysis
		(b) if various elements of such service are not naturally bundled in the ordinary course of business, it shall be treated as provision of the single service which results in highest liability of service tax. Explanation.- For the purposes of sub-section (3), the expression "bundled service" means a bundle of provision of various services wherein an element of provision of one service is combined with an element or elements of provision of any other service or services.';	
Explanation to 67 (b)	Omitted	Definition of Money has been omitted from definition of valuation of taxable services for charging service tax since "Money" has been defined under Sec 65B (33)	--
67A	New Provision	Rate of service tax, Value of Taxable service and Rate of Exchange will be in force as applicable at the time when taxable service has been provided and agreed to be provided and Rate of exchange means customs exchange rate.	Such provision was not in existence earlier and billing / realization amount in corresponding INR was considered for the purpose of payment of service tax. Now additional system needs to be introduced so as to ensure that Custom Notified exchange rate for import and export is considered for payment of service tax and there will be great problem in reconciling in books of accounts.
68 (2) (I)	Amendment	"Any taxable service notified" has been substituted with "such taxable services as may be notified" for the purpose of service tax	--
68 (2) (II)	New Provision	Powers has been given to Government to notify the services for which payment of service tax partly either by service availer or partly by service provider	It is expected that some changes can be made where the payment of service tax under reverse charge mechanism is existing.
72A	New Provision	Special Audit by Practicing Chartered Accountant and Cost Accountants can be ordered by Commissioner of Central Excise if assessee fails to declare or determine value of taxable services correctly or Cenvat availment and utilisation are not in the normal limit or availed by fraud/ collusion / suppression of facts / willful misstatement or where operation of the company are spread out at multiple locations. Audit report is required to be submitted with the specified period and material gathered on the basis of audit and payment of service tax thereon will be only after opportunity of personal hearing to the assessee.	It is in the same line as under Sec 14A and 14AA of Central Excise Act, 1944 and the same sections were made applicable to service tax also however there is separate insertion
73 (1)	Amendment	Recovery of service tax not levied or paid or short levied or short paid or erroneously refunded Show Cause notice is required to be issued within period of 18 months.	Period has been extended from one year to 18 months
73 (1A)	New Provision	Deeming provision for issuance of Show Cause Notice for subsequent period has been introduced if grounds relied upon remain the same for the earlier period. Limitation of 18 months will not apply in such cases.	--
73 (4A)	Amendment	Provision of payment of service tax, interest and penalty equal to 1% each month maximum to 25% will not be applicable in the case where service tax not levied or paid or short levied or short paid or erroneously refunded will not be applicable if it is on account of fraud/ collusion / suppression of facts / willful misstatement.	It is correct move. Evaders cannot be given any concessions
80 (2)	New Provision	No Penalty under Sec 76, 77 and 78 can be imposed on the service provider rendering service of renting of immovable property if the service tax is paid within 6 months along with interest from the date of which Finance Bill 2012 receives the assent from President.	It is correct move since no penalty can be imposed when service tax is not paid on account of different interpretation of the law even by the different judiciaries.
83	Amendment	Provision of Central Excise sections 12E, 14, 15, 31, 32, 32A to 32P, 33A, 34A, 35EE, 35F will be applicable for the service tax.	Provision of Settlement Commission, Adjudication, Confiscation and Revision are made applicable to service tax in line with Central Excise Act and separate provision of special audit has been inserted.

Section of Finance Act	Nature of Amendment	Summary of Changes	Author's Analysis
85 (3)	Amendment	Appeal to the Commissioner Appeals to be made within a period of 2 months instead of 3 months. This provision will be applicable from the date of assent to the Finance Bill by Honorable President.	The provision has been made in line with the Central Excise Act, 1944.
85 (3A)	New Provision	Condonation of delay can be granted by Commissioner of Appeals only for further period of 1 month instead of 3 months.	The provision has been made in line with the Central Excise Act, 1944.
86 (1)	Amendment	Appeal against the order of the Commissioner or Commissioner Appeals to be made within the period of 3 month before CESTAT by the assessee and with a period of 4 months from the date of order which is received from Committee of Chief Commissioners / Commissioners by the Department.	Time period for review by Committee has not be specified.
88	Amendment	Word "duty" has been substituted by the word "tax"	--
89 (1) (a)	Amendment	Offences and Penalties for "Knowingly evades the payment of service tax under this chapter" have been replaced with earlier clauses which were for non-issuance of invoices.	Coverage of Penalty has been broadened.
93A	Amendment	Rebate on goods or services can be granted only if input or input services are used in the goods or services on removal or export of such goods.	It seems that one to one co-relationship of Inputs and Input Services used for export goods / services are pre-requisite for sanctioning the rebate claim.
93B	New Section	Rules made under Sec 94 to be applicable also to the services other than taxable services i.e. Negative List of services / Exempted Services	Since Sec 94 relates to collection & recovery of service tax, determination of taxable value, provision of registration, frequency of filing return, attachment of property, input services, appeal, export of services, rebate etc. and Government will have the powers to make the rules and the same will be applicable to the services under Negative list and exempted list.
94 (ee)	Omission	Input Services - Powers to make rules for credit on input services for the same category of the services has been omitted.	--
94 (hhh)	Amendment	Government is empowered to make rules for provision of taxable service under Sec 66C has been inserted.	--
94 (i)	New provision	Government is empowered to make rules so as to provide the amount to be paid for compounding and manner of compounding of offences	--
94 (j)	New Provision	Government is empowered to make rules for settlement of cases	--
95 (1I)	New Provision	Power are given to the Government to make retrospective amendment within period of 2 years for removing inconsistencies relation to insertion of Sec 65B, 66B, 66C, 66D, 66E and 66F	--
96C	Amendment	Advance Ruling Provisions are made applicable to admissibility of credit of duty or tax in terms of rules made in this regard.	--
97 & 98	New Provisions	Special provision for exemption and refund has been made applicable for Management, Maintenance or Repair of Road and in respect of non-commercial Government Building for the period 16th Jun 2005 till 26th July 2009 for roads and 16th Jun 2005 till date for Government building	--

AMENDMENT IN SERVICE TAX RULES

Notification No 3/2012-ST dated 17th March 2012 made effective from 1st April, 2012

Rule No.	Nature of Change	Summary of Changes	Author's Analysis
2 (ca), (cb), (cc)	Amendment	Definition of half year has been renumbered as 2 (ca) as against 2 (cb) and Large Tax Payer has been renumbered to 2 (cc) as against 2 (cccc). Further definition of Input Service Distributor has been renumbered as 2 (cb) as against 2 (cc)	--
2 (cd)	New Provision	Definition of Partnership Firm to include Limited Liability Partnership also	--

Rule No.	Nature of Change	Summary of Changes	Author's Analysis
4A (1)	Amendment	Time limit of raising of invoice has been extended from 14 days to 30 days	--
4A 3rd Proviso	New Proviso	The time limit for raising invoice for Banking and Financial service has been extended to 45 days from earlier 14 days	--
4A 5th Proviso	New Proviso	If the amount received for taxable service received upto Rs 1000 in excess of the invoice amount though the service tax is payable there is no need to issue the invoice.	--
6 (3rd Proviso)	New Proviso	No payment of service tax is to be paid on specified dates for export of services if the payment is received within the specified / extended period notified by RBI.	--
6 (4th Proviso)	New Proviso	All individuals & partnership firm who's turnover (including turnover of multiple locations) is less than 50 lacs in previous year can discharge liability of service tax on receipt basis instead of billing basis	This provision was earlier applicable to specified services.
6 (4B)	Amendment	Adjustment of excess amount paid not on account of interpretation of law, taxability, classification, valuation or applicability of any exemption notification can be made.	Earlier provision of excess amount paid by assessee on account of delayed receipt of details of payment, monitory limit of Rs 2 Lacs and intimation to be given to the Superintendent to be given in 15 days has been dispensed with and therefore it is welcome move
6 (7A) (ii)	Amendment	Rate of Service Tax on the total premium has been raised to 3% on the first year and 1.5% on subsequent years.	--
6 (7B) (a)	Amendment	Service Tax rate has been raised from 0.1% to 0.12% on the Gross Amount of Currency Exchange for the amount of Rs. 1 lakh subject to minimum amount of Rs. 30 and Re. 120 + 0.06% instead of Rs. 100 + 0.05% for amount exceeding Rs. 1 lakupto Rs. 10 lakhs and over 10 lakhs Rs. 660 + 0.12% instead of Rs. 550 + 0.1% and maximum amount not exceeding to Rs. 6000 instead of Rs. 5000	Increase is corresponding to increase in Service tax rate to increase in Service tax rate
6(7C)	Amendment	Service Tax on lottery tickets for Rs. 10 lakhs is increased to Rs. 7000 from Rs. 6000 and for Rs. 11000 from Rs. 9000 , when guaranteed price payout is less than 80%	--

AMENDMENT IN POINT OF TAXATION RULES, 2011

Notification 4/2012-ST dated 17th March 2012 effective from 1st April 2012

Rule No.	Nature of Change	Summary of Changes	Author's Analysis
2 (ba),	New definition	"change in effective rate of tax" shall include a change in the portion of value on which tax is payable in terms of a notification issued in the Official Gazette under the provisions of the Act, or rules made thereunder;	--
2 (c)	Amendment	Continuous supply of service means any service which is provided or to be provided continuously or on recurrent basis, under a contract, for a period exceeding three months with the obligation for payment periodically or from time to time	Scope of continuous supply of service has been enlarged
2A	New Provision	Date of payment.- For the purposes of these rules, "date of payment" shall be the earlier of the dates on which the payment is entered in the books of accounts or is credited to the bank account of the person liable to pay tax: Provided that - (A) the date of payment shall be the date of credit in the bank account when - (i) there is a change in effective rate of tax or when a service is taxed for the first time during the period between such entry in books of accounts and its credit in the bank account; and (ii) the credit in the bank account is after four working days from the date when there is change in effective rate of tax or a service is taxed for the first time; and	Earlier date of realization in bank account or accounting in the books is to be considered as date of payment except for grace of 4 days when there is change in the effective rate of tax or service is taxed for the first time.

Rule No.	Nature of Change	Summary of Changes	Author's Analysis
		<p>iii) the payment is made by way of an instrument which is credited to a bank account,</p> <p>In case where the rule requires determination of date of payment, it will be construed as date of receipt of payment.</p>	
3 (a)	Amendment	Proviso has been amendment when invoice is not issued within the period of 30 days (earlier 14 days) for the provision of services, point of taxation will be completion of the services.	--
3 (b)	New Proviso	<p>Proviso has been inserted for the purpose of determination of point of taxation in case of continuous supply of services</p> <p>(i) where the provision of whole or part of the service is determined periodically on the completion of any event in terms of contract, which requires the receiver of service to make any payment to service provider, the date of completion of each such event as specified in the contract shall be deemed to be the date of completion of provision of service;</p> <p>(ii) wherever the provider of taxable service receives a payment up to rupees one thousand in excess of the amount indicated in the invoice, the point of taxation to the extent of such excess amount, at the option of the provider of taxable service, shall be determined in accordance with the provisions of clause (a)."</p>	More clarity has been made to avoid the loop hole in delaying the payment of service tax.
4	Omission	Explanation to give definition of change in effective rate of tax has been removed considering the above points.	--
5	Amendment	When the service tax is levied for the first time then no tax is leviable when invoice and payment has been received before such service became taxable or payment has been received before service became taxable but invoice is raised within 14 days from the date of service tax levied for the first time	More clarity has been made
6	Omitted	Determination of point of taxation in case of continuous supply of service has been omitted considering above provisions.	--
7	Amendment	<p>Determination of Point of Taxation in case of Individual and Partnership Firms or specified services will be date of payment received provided the payment received within 6 months from the date of raising invoice. Otherwise it will be from the date of invoice.</p> <p>In case of associated enterprises when the service provider is located outside India, point of taxation will be date of debit in the books of account of the person receiving the service or date payment whichever is earlier.</p>	Now for the associated enterprises you need track the date of debit in the books of accounts by service receiver or payment whichever is earlier.
8A	New Provision	Determination of point of taxation in other cases.- Where the point of taxation cannot be determined as per these rules as the date of invoice or the date of payment or both are not available, the Central Excise officer, may, require the concerned person to produce such accounts, documents or other evidence as he may deem necessary and after taking into account such material and the effective rate of tax prevalent at different points of time, shall, by an order in writing, after giving an opportunity of being heard, determine the point of taxation to the best of his judgment."	--

**CHANGE IN DEFINITION OF AGGREGATE VALUE
(FOR COMPUTATION OF THRESHOLD EXEMPTION)**

Notification 5/2012-ST dated 17th March 2012 effective from 1st April 2012

Notification No	Nature of Change	Summary of Changes	Author's Analysis
6/2005-ST dated 1st March 2005	Amendment	Aggregate value has been redefined as under "aggregate value" means the sum total of value of taxable services charged in the first consecutive invoices issued or required to be issued, as the case may be, during a financial year but does not include value charged in invoices issued towards such services which are exempt from whole of service tax leviable thereon under section 66 of the said Finance Act under any other notification?.	The small scale exemption has been amended recognizing that the first clearances up to Rs 10 lakhs will be in terms of invoices and not mere payments

ABATEMENT FOR THE SERVICES RELATED TO AIR TRAVEL

Notification 6/2012-ST dated 17th March 2012 effective from 1st April 2012

Notification No	Nature of Change	Summary of Changes	Author's Analysis
6/2010-ST dated 17th March 2012	Amendment	Abatement @ 40% on gross value charged to any passenger by any aircraft operator in relation to scheduled or non scheduled air transport of such passenger for embarking in India or internationally has been provided subject to non availment of Cenvat Credit	--

EXEMPTION FOR TRANSPORT OF GOODS BY RAIL

Notification 7/2012-ST dated 17th March 2012 effective from 1st April 2012

Notification No	Nature of Change	Summary of Changes	Author's Analysis
33/2009-ST dated 1st Sept. 2009	Extension of exemption	Exemption for Transport of goods by Rail has been extended upto 30th Jun 2012	--

EXEMPTION FOR TRANSPORT OF GOODS BY ROAD

Notification 8/2012-ST dated 17th March 2012 effective from 1st April 2012

Notification No	Nature of Change	Summary of Changes	Author's Analysis
8/2010-ST dated 27th Feb 2010	Extension of exemption	Exemption for Transport of goods by Road for specified goods in Notification 8/2010 -St has been extended upto 30th Jun 2012	--

ABATEMENT PERCENTAGES FOR SPECIFIED SERVICES

Notification 9/2012-ST dated 17th March 2012 effective from 17th March 2012

Notification No	Nature of Change	Summary of Changes	Author's Analysis
1/2006-ST dated 1st March 2006 as amended	Amendment	Abatement percentage on specified services will remain the same till 30th June 2012	--

SERVICE TAX DETERMINATION OF VALUE RULES, 2006

Notification 11/2012-ST dated 17th March 2012 effective from date on which Sec 66B of Finance Act will be come in force.

Rule	Nature of Change	Summary of Changes	Author's Analysis
2A	Amendment	The value of the Works Contract is proposed to be redefined, as follows: I. As at present, first determination will be the value of service being the total amount charged for the contract	--

Rule	Nature of Change	Summary of Changes	Author's Analysis
1	1	reduced by the value of property transferred in goods for State VAT purpose; II. If value of goods is not intimated to State VAT, the assesseees can still calculate the actual value of goods and the same will be relevant to deduce the value of the service involved in the works contract; III. If the value is not so deduced, and not merely as an option, the value shall be specified percentage of the total value as follows: a) for original works: 40% of the total amount; b) other contracts: 60% of the total amount; c) for contracts involving construction of complex or building for sale where any part of the consideration is received before the completion of the building: 25% of the total amount	--
2C	Amendment	Abatement has been provided at the rate of 40% towards the services involved for supply of food or any other article for human consumption or any drink at restaurant or abatement @ 60% in case food is provided by outside caterer subject to non-availment of Cenvat Credit.	--
3	Amendment	Manner of determination of value has been provided where such value cannot ascertainable instead of where the consideration received is not wholly or partly consisting of money.	Rewording has been done.
5 (1) Explanation	Amendment	Telecom Service to be replaced with Telecommunication services	--
6 (1) (viii & ix)	Amendment	Grammatical correction has been made	--
6 (1) (x)	New Provision	The amount realised as demurrage or by any other name whatever called for the provision of a service beyond the period originally contracted or in any other manner relatable to the provision of service will be included in the valuation of such service	--
6 (2) (iv)	Amendment	Interest will not be part of valuation if received on account of Interest on deposit and interest on delayed payment for the provision of services or sale of goods	--
6 (2) (vi)	New Provision	Valuation of service will not include accidental damages due to unforeseen actions not relatable to the provision of service.	--

CHANGE IN SERVICE TAX RATE FOR WORKS CONTRACT UNDER COMPOSITION

Notification 10/2012-ST dated 17th March 2012 effective from 1st April 2012

Rule	Nature of Change	Summary of Changes	Author's Analysis
3 (1)	Amendment	Rate of service tax has been increased to 4.8% from 4%	This is in line with increase in service tax

EXEMPTED SERVICES

Notification 12/2012-ST dated 17th March 2012 effective from date on which Sec 66B of Finance Act will be come in force

1. Services provided to the United Nations or a specified international organization;
2. Health care services by a clinical establishment, an authorized medical practitioner or para-medics;
3. Services by a veterinary clinic in relation to health care of animals or birds;
4. Services by an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961) by way of charitable activities;
5. Services by a person by way of-

- a. renting of precincts of a religious place meant for general public; or
- b. conduct of any religious ceremony;
6. Services provided to any person other than a business entity by -
 - a. an individual as an advocate; or
 - b. a person represented on and as arbitral tribunals;
7. Services by way of technical testing or analysis of newly developed drugs, including vaccines and herbal remedies, on human participants by a clinical research organization approved to conduct clinical trials by the Drug Controller General of India;
8. Services by way of training or coaching in recreational activities relating to arts, culture or sports;

9. Services provided-
 - a. to an educational institution by way of catering under any centrally assisted mid - day meals scheme sponsored by Government;
 - b. to or by an institution in relation to educational services, where the educational services are exempt from the levy of service tax, by way of transportation of students or staff;
 - c. to or by an institution in relation to educational services, where the educational services are exempt from the levy of service tax, by way of services in relation to admission to such education;
10. Services provided to a recognized sports body by-
 - a. an individual as a player, referee, umpire, coach or manager for participation in a tournament or championship organized by a recognized sports body;
 - b. another recognized sports body;
11. Services by way of sponsorship of tournaments or championships organized,-
 - a. by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state or zone;
 - b. by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India, Special Olympics Bharat;
 - c. by Central Civil Services Cultural and Sports Board;
 - d. as part of national games, by Indian Olympic Association; or
 - e. under PanchayatYuvaKreedaaAurKhelAbhiyaan (PYKKA) Scheme;
12. Services provided to the Government or local authority by way of erection, construction, maintenance, repair, alteration, renovation or restoration of -
 - a. a civil structure or any other original works meant predominantly for a non-industrial or non-commercial use;
 - b. a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958);
 - c. a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment;
 - d. canal, dam or other irrigation works;
 - e. pipeline, conduit or plant for (i) drinking water supply (ii) water treatment (iii)sewerage treatment or disposal; or
 - f. a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the Explanation 1 to clause 44 of section 65 B of the said Finance Act;
13. Services provided by way of erection, construction, maintenance, repair, alteration, renovation or restoration of,-
 - a. road, bridge, tunnel, or terminal for road transportation for use by general public;
 - b. building owned by an entity registered under section 12 AA of the Income tax Act, 1961 (43 of 1961) and meant predominantly for religious use by general public;
 - c. pollution control or effluent treatment plant, except located as a part of a factory; or
 - d. electric crematorium;
14. Services by way of erection or construction of original works pertaining to,-
 - a. airport, port or railways;
 - b. single residential unit otherwise as a part of a residential complex;
 - c. low- cost houses up to a carpet area of 60 square meters per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;
 - d. post- harvest storage infrastructure for agricultural produce including a cold storages for such purposes; or
 - e. Mechanized food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages;
15. Temporary transfer or permitting the use or enjoyment of a copyright covered under clause (a) or (b) of sub-section (1) of section 13 of the Indian Copyright Act, 1957 (14 of 1957), relating to original literary, dramatic, musical, artistic works or cinematograph films;
16. Services by a performing artist in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre, excluding services provided by such artist as a brand ambassador;
17. Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India;
18. Services by way of renting of a hotel, inn, guest house, club, campsite or other commercial places meant for residential or lodging purposes, having declared tariff of a room below rupees one thousand per day or equivalent;
19. Services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess, other than those having the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year, and which has a license to serve alcoholic beverages;
20. Services by way of transportation by rail or a vessel from one port in India to another of the following goods -
 - a. petroleum and petroleum products falling under Chapter heading 2710 and 2711 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986);
 - b. relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
 - c. defense or military equipment's;
 - d. postal mail, mail bags or household effects;
 - e. newspaper or magazines registered with Registrar of Newspapers;
 - f. railway equipment's or materials;
 - g. agricultural produce;
 - h. foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages; or
 - i. chemical fertilizer and oilcakes;
21. Services provided by a goods transport agency by way of transportation of -
 - a. fruits, vegetables, eggs, milk, food grains or pulses in a goods carriage;
 - b. goods where gross amount charged on a consignment transported in a single goods carriage does not exceed one thousand five hundred rupees; or
 - c. goods, where gross amount charged for transportation of all such goods for a single consignee in the goods carriage does not exceed rupees seven hundred fifty;
22. Services by way of giving on hire -
 - a. to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or
 - b. to a goods transport agency, a means of transportation of goods;
23. Transport of passengers, with or without accompanied belongings, by -
 - a. air, embarking or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal; or
 - b. a contract carriage for the transportation of passengers, excluding tourism, conducted tour, charter or hire;
24. Services by way of motor vehicle parking to general public excluding leasing of space to an entity for providing such parking facility;
25. Services provided to the Government or a local authority by way of -
 - a. repair of a ship, boat or vessel;
 - b. effluents and sewerage treatment;
 - c. waste collection or disposal;
 - d. storage, treatment or testing of water for drinking purposes; or
 - e. transport of water by pipeline or conduit for drinking purposes;
26. Services of general insurance business provided under following schemes -
 - a. Hut Insurance Scheme;
 - b. Cattle Insurance under Swarnajaynti Gram SwarozgarYojna (earlier known as Integrated Rural Development Programme);

- c. Scheme for Insurance of Tribals;
- d. Janata Personal Accident Policy and Gramin Accident Policy;
- e. Group Personal Accident Policy for Self-Employed Women;
- f. Agricultural Pumpset and Failed Well Insurance;
- g. premia collected on export credit insurance;
- h. Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture;
- i. Jan ArogyaBima Policy;
- j. National Agricultural Insurance Scheme (RashtriyaKrishiBimaYojana);
- k. Pilot Scheme on Seed Crop Insurance;
- l. Central Sector Scheme on Cattle Insurance;
- m. Universal Health Insurance Scheme;
- n. RashtriyaSwasthyaBima Yolanda; or
- o. Coconut Palm Insurance Scheme;
27. Services provided by an incubatee up to a total business turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:-
- a. The total business turnover had not exceeded fifty lakh rupees during the preceding financial year; and
- b. A period of three years has not lapsed from the date of entering into an agreement as an incubatee;
28. Service by an unincorporated body or an entity registered as a society to own members by way of reimbursement of charges or share of contribution -
- a. As a trade union;
- b. For the provision of exempt services by the entity to third persons; or
- c. Up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex;
29. Services by the following persons in respective capacities -
- a. a sub-broker or an authorized person to a stock broker;
- b. an authorised person to a member of a commodity exchange;
- c. a mutual fund agent or distributor to mutual fund or asset management company for distribution or marketing of mutual fund;
- d. a selling or marketing agent of lottery tickets to a distributor or a selling agent;
- e. a selling agent or a distributor of SIM cards or recharge coupon vouchers; or
- f. a business facilitator or a business correspondent to a banking company or an insurance company in a rural area;
30. Carrying out an intermediate production process as job work in relation to -
- a. agriculture, printing or textile processing;
- b. cut and polished diamonds and gemstones; or plain and studded jewellery of gold and other precious metals, falling under Chapter 71 of the Central Excise Tariff Act, 1985 (5 of 1986);
- c. any goods on which appropriate duty is payable by the principal manufacturer; or
- d. processes of electroplating, zinc plating, anodizing, heat treatment, powder coating, painting including spray painting or auto black, during the course of manufacture of parts of cycles or sewing machines upto an aggregate value of taxable service of the specified processes of one hundred and fifty lakh rupees in a financial year subject to the condition that such aggregate value had not exceeded one hundred and fifty lakh rupees during the preceding financial year;
31. Services by an organiser to any person in respect of a business exhibition held outside India;
32. Services by way of making telephone calls from -
- a. departmentally run public telephones;
- b. guaranteed public telephones operating only for local calls; or
- c. free telephone at airport and hospitals where no bills are being issued;
33. Services by way of slaughtering of bovine animals;
34. Services received from a service provider located in a non- taxable territory by -
- a. the Government, a local authority or an individual in relation to any purpose other than industry, business or commerce; or
- b. an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities.
- Definitions - for the purpose of this notification, unless the context otherwise requires,
- "advocate" has the meaning assigned to it in clause (a) of sub-section (1) of section 2 of the Advocates Act, 1961 (25 of 1961),
 - "appropriate duty" means duty payable on manufacture or production under a Central or a State Act, but shall not include 'Nil' rate of duty or duty wholly exempt,
 - "arbitral tribunal" has the meaning assigned to it in clause (d) of section 2 of the Arbitration and Conciliation Act, 1996 (26 of 1996),
 - "authorised medical practitioner" means any medical practitioner registered with any of the Councils of the recognised system of medicine and includes medical professional having the requisite qualification to practice in any recognised system of medicine as per any law for the time being in force,
 - "authorised person" means and includes any person whether being an individual, partnership firm, limited liability partnership or body corporate, who is appointed as such either by a stock broker including trading member or by a member of commodity exchange and who provides access to trading platform of a stock exchange or a commodity exchange, as an agent of the stock broker or member of a commodity exchange,
 - "banking company" has the meaning assigned to it in clause (a) of section 45A of the Reserve Bank of India Act, 1934 (2 of 1934),
 - "business facilitator or business correspondent" means an intermediary appointed under business facilitator model or business correspondent model by a banking company or an insurance company under the guidelines issued by Reserve Bank of India,
 - "clinical establishment" means a hospital, nursing home, clinic, sanatorium or an institution by, whatever name called, that offers services or facilities requiring diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicine, established and administered or maintained by any person or a place established as an independent entity or a part of an establishment to carry out diagnostic or investigative services of diseases,
 - "charitable activities" means activities relating to -
 - public health by way of -
 - care or counseling of (i) terminally ill persons or persons with severe physical or mental disability, (ii) persons afflicted with HIV or AIDS, or (iii) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
 - public awareness of preventive health, family planning or prevention of HIV infection
 - advancement of religion;
 - advancement of educational programmes or skill development relating to,-
 - abandoned, orphaned or homeless children;
 - physically or mentally abused and traumatized persons;
 - prisoners; or
 - persons over the age of 65 years residing in a rural area;
 - preservation of environment including watershed, forests and wildlife; or
 - advancement of any other object of general public utility up to a value of twenty five lakh rupees in a financial year subject to the condition that total value of such activities had not exceeded twenty five lakhs rupees during the preceding financial year.
- Explanation:** - For the purpose of this clause, 'general public' means the body of people at large sufficiently defined by some common quality of public or impersonal nature.

10. "commodity exchange" means an association as defined in section 2 (j) and recognized under section 6 of the Forward Contracts (Regulation) Act, 1952 (74 of 1952),
11. "contract carriage" has the meaning assigned to it in clause (7) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988),
12. "declared tariff" includes charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air-conditioner, refrigerators or any other amenities, but does not include any discount offered on the published charges for such unit,
13. "distributor or selling agent" has the meaning assigned to them in clause (c) of the rule 2 of the Lottery (Regulation) Rules, 2010 notified by the Government of India in the Ministry of Home Affairs published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i), vide number G.S.R. 278(E), dated the 1st April, 2010 and shall include distributor or selling agent authorised by the lottery organising State,
14. "general insurance business" has the meaning assigned to it in clause (g) of section 3 of General Insurance Business (Nationalisation) Act, 1972 (57 of 1972),
15. "goods carriage" has the meaning assigned to it in clause (14) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988),
16. "health care services" means any service by way of diagnosis or treatment or care for illness, injury, deformity, abnormality or pregnancy in any recognised system of medicine and includes services by way of supply of meals for the patient or transportation of the patient to and from a clinical establishment, but does not include hair transplant or cosmetic or plastic surgery, except when undertaken to restore or to reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, injury or trauma,
17. "incubatee" means an entrepreneur located within the premises of a Technology Business Incubator (TBI) or Science and Technology Entrepreneurship Park (STEP) recognised by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the TBI or the STEP to enable himself to develop and produce hi-tech and innovative products,
18. "insurance company" means a company carrying on life insurance business or general insurance business,
19. "life insurance business" has the meaning assigned to it in clause (11) of section 2 of the Insurance Act, 1938 (4 of 1938),
20. "original works" means -
- all new constructions; or
 - all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable,
21. "principal manufacturer" means any person who gets goods manufactured or processed on his account from another person,
22. "recognized sports body" means (i) the Indian Olympic Association, (ii) Sports Authority of India, (iii) a national sports federation recognised by the Ministry of Sports and Youth Affairs of the Central Government, and its affiliate federations, (iv) national sports promotion organisations recognised by the Ministry of Sports and Youth Affairs of the Central Government, (v) the International Olympic Association or a federation recognised by the International Olympic Association or (vi) a federation or a body which regulates a sport at international level,
23. "religious place" means a place which is primarily meant for conduct of prayers or worship pertaining to a religion,
24. "residential complex" means any complex comprising of a building or buildings, having more than one single residential unit,
25. "rural area" means the area comprised in a village as defined in land revenue records, excluding-
- the area under any municipal committee, municipal corporation, town area committee, cantonment board or notified area committee; or
 - any area that may be notified as an urban area by the Central Government or a State Government,
26. "single residential unit" means an independent residential unit with specific facilities for living, cooking and sanitary requirements,
27. "specified international organisation" means an international organisation declared by the Central Government in pursuance of section 3 of the United Nations (Privileges and Immunities) Act, 1947 (46 of 1947), to which the provisions of the Schedule to the said Act apply,
28. "state transport undertaking" has the meaning assigned to it in clause (42) of Section 2 of the Motor Vehicles Act, 1988 (59 of 1988),
29. "Sub-broker" has the meaning assigned to it in sub-clause (gc) of clause 2 of the Securities and Exchange Board of India (Stock Brokers and Sub-brokers) (Second Amendment) Regulations, 2006,
30. "trade union" has the meaning assigned to it in clause (h) of section 2 of the Trade Unions Act, 1926 (16 of 1926)

ABATEMENT SERVICES

Notification 13/2012-ST dated 17th March 2012 effective from date on which Sec 66B of Finance Act will be come in force

Sr. No.	Description of Taxable Services	Percentage of Invoice value	Conditions
(1)	(2)	(3)	(4)
1	Financial leasing services including equipment leasing and hire purchase	10	Nil
2	Transport of goods by rail	30	Nil
3	Transport of passengers, with or without accompanied belongings by rail	30	Nil
4	Supply of food or any other article of human consumption or any drink, in a premises, including hotel, convention center, club, pandal, shamiana or any place specially arranged for organizing a function	70	CENVAT credit on any goods classifiable under chapter 1 to 22 of the Central Excise Tariff Act, 1985 (5 of 1986) used for providing the taxable service has not been taken under the provisions of the CENVAT Credit Rules, 2004.
5	Transport of passengers by air, with or without accompanied belongings	40	CENVAT credit on inputs and capital goods, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
6	Renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes.	60	Same as above

Sr. No.	Description of Taxable Services	Percentage of Invoice value	Conditions
(1)	(2)	(3)	(4)
7	Transport of goods by road by Goods Transport Agency	25	CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
8	Services provided in relation to chit	70	Same as above
9	Renting of any motor vehicle designed to carry passengers	40	Same as above
10	Transport of goods in a vessel from one port in India to another	50	Same as above
11	i) Services provided or to be provided to any person, by a tour operator in relation to a package tour	25	i) CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004. ii) The bill issued for this purpose indicates that it is inclusive of charges for such a tour.
	ii) Services provided or to be provided to any person, by a tour operator in relation to a tour, if the tour operator is providing services solely of arranging or booking accommodation for any person in relation to a tour.	10	i) CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004. ii) The invoice, bill or challan issued indicates that it is towards the charges for such accommodation. iii) This exemption shall not apply in such cases where the invoice, bill or challan issued by the tour operator, in relation to a tour, only includes the service charges for arranging or booking accommodation for any person and does not include the cost of such accommodation.
	iii) Services, other than services specified in (i) and (ii) above, provided or to be provided to any person, by a tour operator in relation to a tour	40	i) CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004. ii) The bill issued indicates that the amount charged in the bill is the gross amount charged for such a tour.

EXEMPTION ON ACCOUNT OF PAYMENT OF RESEARCH & DEVELOPMENT CESS

Notification 14/2012-ST dated 17th March 2012 effective from date on which Sec 66B of Finance Act will be come in force

Exemption has been granted for the value equivalent Research & Development Cess paid within 6 months from the date of invoice and date of credit in books of accounts in case of associated enterprises. Further the records of payment of R & D Cess and its linkage to invoice number needs to be maintained.

TAXABILITY UNDER REVERSE CHARGE

Notification 15/2012-ST dated 17th March 2012 effective from date on which Sec 66B of Finance Act will be come in force

Reverse Charge Mechanism has been introduced and service availer / receiver will be liable to pay service tax,

Services	Tax to be payable by Service Provider	Tax to be paid by Service availer/ receiver	Author's Analysis
Services of Insurance Agent to the person carrying Insurance Business	Nil	100%	No Change
Transport of Goods by Road by GTA	Nil	100%	No Change
Sponsorship	Nil	100%	No Change
Services provided or agreed to be provided by an arbitral tribunal in Taxable Territory to any business entity	Nil	100%	New
Service of Individual Advocates provided to any business entity in Taxable Territory	Nil	100%	New
Service Provided by way of Support service by Government or local authority to Business Entity within Taxable Territory	Nil	100%	New
Renting or hiring any motor vehicle designed to carry passenger on abated value provided by Individual, HUF and Partnership firms to Companies or Body Corporate	Nil	100%	New

Services	Tax to be payable by Service Provider	Tax to be paid by Service availer/ receiver	Author's Analysis
Renting or hiring any motor vehicle designed to carry passenger on unabated value provided by Individual, HUF and Partnership firms to Companies or Body Corporate	60%	40%	New - It is difficult to establish control. It will un-necessarily increase litigation
Supply of Manpower for any purpose provided by Individual, HUF and Partnership firms to Companies or Body Corporate	25%	75%	New - It is difficult to establish control. It will un-necessarily increase litigation
Works Contract Service provided by Individual, HUF and Partnership firms to Companies or Body Corporate	50%	25%	New
Import of Services	Nil	100%	

OTHER CHANGES

- Retrospective amendment to Rule 6 of Cenvat Credit Rules, 2004 :Provision of sub rule (1) (2) (3) and (4) of Rule 6 of Cenvat Credit Rules, 2004 will not be applicable when services are provided to Special Economic Zone Developer / Unit for their authorized operations. The amendment was made vide notification No 3/2011-CE (NT) dated 1st March 2011 has been given retrospective effect. It is welcome provision.
- Exemption for Club or Association for common facilities for dying units: Retrospective amendment for the exemption granted to club or association

including registered co-operative societies for common facility set-up for treatment and recycling of effluents and solid waste discharged by dyeing units, with financial assistance from the central or state government. The exemption was earlier granted earlier vide Notification No 42/2011-ST, DT. 25/07/2011. [Finance Bill 2012 and Notification No 1/2012-ST for including registered word for co-operative societies]

- Rule 7 of Cenvat Credit Rules, 2004 has been amended relating to distribution of credit of Input services by Input Service Distributor to ensure the scientific allocation of the services where they have put to us or proportionate to turnover of the each Unit.?

ANNEXURE A : DEFINITION NOTIFIED UNDER FINANCE ACT, 1944

New		Earlier		
Section	Definition	Section	Definition	Author's Analysis
65B (2)	"advertisement" means any form of presentation for promotion of, or bringing awareness about, any event, idea, immovable property, person, service, goods or actionable claim through newspaper, television, radio or any other means but does not include any presentation made in person;	65 (2)	"advertisement" includes any notice, circular, label, wrapper, document, hoarding or any other audio or visual representation made by means of light, sound, smoke or gas;	Broader coverage has been made
65B (3)	"agriculture" means the cultivation of plants and rearing of all life-forms of animals, except the rearing of horses, for food, fibre, fuel, raw material or other similar products;			New definition so as to cover negative list
65B (4)	"agricultural extension" means application of scientific research and knowledge to agricultural practices through farmer education or training;			New definition so as to cover negative list
65B (5)	"agricultural produce" means any produce of agriculture on which either no further processing is done or such processing is done as is usually done by a cultivator or producer which does not alter its essential characteristics but makes it marketable for primary market;		Definition was provided under the exemption notification related to Business Auxiliary Services	
65B (6)	"Agricultural Produce Marketing Committee or Board" means any committee or board constituted under a State law for the time being in force for the purpose of regulating the marketing of agricultural produce;		Definition was provided under the exemption notification related to Business Auxiliary Services	
65B (7)	"aircraft" has the meaning assigned to it in clause (1) of section 2 of the Aircraft Act, 1934;	65 (3a)	"aircraft" has the meaning assigned to it in clause (1) of section 2 of the Aircraft Act, 1934;	No Change. Definition of Aircraft Operator do not appear in the new definition
65B (8)	"airport" has the meaning assigned to it in clause (b) of section 2 of the Airports Authority of India Act, 1994;	65 (3c)	"airport" has the meaning assigned to it in clause (b) of section 2 of the Airports Authority of India Act, 1994;	No Change. Definition of Airport Authority do not appear in the new definition
65B (9)	"amusement facility" means a facility where fun or recreation is provided by means of rides, gaming devices or bowling alleys in amusement parks, amusement arcades, waterparks, theme parks or such other places but does not include a place within such facility where other services are provided;			New Definition

New		Earlier		
65 B (10)	Appellate Tribunal" means the Customs, Excise and Service Tax Appellate Tribunal constituted under section 129 of the Customs Act, 1962;	65 ()	Appellate Tribunal" means the Customs, Excise and Service Tax Appellate Tribunal constituted under section 129 of the Customs Act, 1962;	No Change
65B (11)	"approved vocational education course" means,-- (i) a course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961; or (ii) a Modular Employable Skill Course, approved by the National Council of Vocational Training, run by a person registered with the Directorate General of Employment and Training, Union Ministry of Labour and Employment; or (iii) a course run by an institute affiliated to the National Skill Development Corporation set up by the Government of India;	–	Definition was in the exempted notification for Commercial Coaching and Training Services	–
65B (12)	"assessee" means a person liable to pay tax and includes his agent	65 (7)	assessee" means a person liable to pay tax and includes his agent	No Change
65B (13)	"associated enterprise" shall have the meaning assigned to it in section 92A of the Income-tax Act, 1961;	65 (7b)	associated enterprise" shall have the meaning assigned to it in section 92A of the Income-tax Act, 1961;	No Change
65B (14)	"authorised dealer of foreign exchange" shall have the meaning assigned to "authorized person" in clause (c) of section 2 of the Foreign Exchange Management Act, 1999;	65 (8)	"authorised dealer of foreign exchange" shall have the meaning assigned to "authorized person" in clause (c) of section 2 of the Foreign Exchange Management Act, 1999;	No Change
65B (15)	betting or gambling" means putting on stake something of value, particularly money, with consciousness of risk and hope of gain on the outcome of a game or a contest, whose result may be determined by chance or accident, or on the likelihood of anything occurring or not occurring;	65	–	New definition so as to cover in the service tax net.
65B (16)	Board" means the Central Board of Excise and Customs constituted under the Central Boards of Revenue Act, 1963;	65 (13)	Board" means the Central Board of Excise and Customs constituted under the Central Boards of Revenue Act, 1963;	No Change
65B (17)	business entity" means any person ordinarily carrying out any activity relating to industry, commerce or any other business;	65 (19b)	Business entity includes an association of persons, body of individual, company or firm but does not include an individual	Individual also are covered under the net of service tax. Earlier some services where the services were provided by Business Entity to Business Entity only covered under the net.
65B (18)	"Central Electricity Authority" means the authority constituted under section 3 of the Electricity (Supply) Act, 1948;			New definition
65B (19)	"Central Transmission Utility" shall have the meaning assigned to it in clause (10) of section 2 of the Electricity Act, 2003;			New definition
65B (20)	"courier agency" means any person engaged in the door-to-door transportation of time-sensitive documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles;	65 (33)	"courier agency" means any person engaged in the door-to-door transportation of time-sensitive documents, goods or articles utilising the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles	No Change
65B (21)	"customs station" shall have the meaning assigned to it in clause (13) of section 2 of the Customs Act, 1962;			New definition
65B (22)	'declared service' means any activity carried out by a person for another person for consideration and declared as such under section 66E;			New definition

New		Earlier		
65B (23)	"electricity transmission or distribution utility" means the Central Electricity Authority; a State Electricity Board; the Central Transmission Utility or a State Transmission Utility notified under the Electricity Act, 2003; or a distribution or transmission licensee under the said Act, or any other entity entrusted with such function by the Central Government or, as the case maybe, the State Government;			New Definition
65B (24)	"entertainment event" means an event or a performance which is intended to provide recreation, pastime, fun or enjoyment, by way of exhibition of cinematographic film, circus, concerts, sporting event, pageants, award functions, dance, musical or theatrical performances including drama, ballets or any such event or programme;			New definition
65B (25)	"goods" means every kind of movable property other than actionable claim and money; and includes securities, growing crops, grass, and things attached to or forming part of the land which are agreed to be severed before sale or under the contract of sale;	65 (50)	"goods" has the meaning assigned to it in clause (7) of section 2 of the Sale of Goods Act, 1930	Definition has been changed mainly to exclude such activity from the net of service tax.
65B (26)	"goods transport agency" means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called;	65 (50b)	"goods transport agency" means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called;	No Change
65B (27)	"India" means,-- (a) the territory of the Union as referred to in clauses (2) and (3) of article 1 of the Constitution; (b) its territorial waters, continental shelf, exclusive economic zone or any other maritime zone as defined in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976; (c) the seabed and the subsoil underlying the territorial waters; (d) the air space above its territory and territorial waters; and (e) the installations, structures and vessels located in the continental shelf of India and the exclusive economic zone of India, for the purposes of prospecting or extraction or production of mineral oil and natural gas and supply thereof;			New Definition mainly to define export of services.
65B (28)	"information technology software" means any representation of instructions, data, sound or image, including source code and object code, recorded in a machine readable form, and capable of being manipulated or providing interactivity to a user, by means of a computer or an automatic data processing machine or any other device or equipment;	65 (53a)	"information technology software" means any representation of instructions, data, sound or image, including source code and object code, recorded in a machine readable form, and capable of being manipulated or providing interactivity to a user, by means of a computer or an automatic data processing machine or any other device or equipment;	No Change
65B (29)	"inland waterway" means national waterways as defined in clause (h) of section 2 of the Inland Waterways Authority of India Act, 1985 or other waterway on any inland water, as defined in clause (b) of section 2 of the Inland Vessels Act, 1917;		Definition was provided for exemption notification related to goods transport service by sea.	
65B (30)	"interest" has the meaning assigned to it in clause (28A) of section 2 of the Income-tax Act, 1961;			
65B (31)	"local authority" means- (a) a Panchayat as referred to in clause (d) of article 243 of the Constitution; (b) a Municipality as referred to in clause (e) of article 243P of the Constitution;			New Definition has been provided for exempted services

New		Earlier		
	(c) a Municipal Committee and a District Board, legally entitled to, or entrusted by the Government with, the control or management of a municipal or local fund; (d) a Cantonment Board as defined in section 3 of the Cantonments Act, 2006; (e) a regional council or a district council constituted under the Sixth Schedule to the Constitution; (f) a development board constituted under article 371 of the Constitution; or (g) a regional council constituted under article 371A of the Constitution;			
65B (32)	"metered cab" means any contract carriage on which an automatic device, of the type and make approved under the relevant rules by the State Transport Authority, is fitted which indicates reading of the fare chargeable at any moment and that is charged accordingly under the conditions of its permit issued under the Motor Vehicles Act, 1988 and the rules made thereunder;			New Definition
65B (33)	"money" means Indian legal tender, cheque, promissory note, bill of exchange, letter of credit, draft, pay order, traveller cheque, money order, postal or electronic remittance or any such similar instrument when used as consideration to settle an obligation or exchange with Indian legal tender of another denomination but shall not include any currency that is held for its numismatic value;			New Definition
65B (34)	"negative list" means the services which are listed in section 66D;			New definition
65B (35)	"non-taxable territory" means the territory which is outside the taxable territory;			New definition
65B (36)	"notification" means notification published in the Official Gazette and the expressions "notify" and "notified" shall be construed accordingly;			New definition
65B (37)	"person" includes,-- i) an individual, ii) a Hindu undivided family, iii) a company, iv) a society, v) a limited liability partnership, vi) a firm, vii) an association of persons or body of individuals, whether incorporated or not, viii) Government, ix) a local authority, or x) every artificial juridical person, not falling within any of the preceding sub-clauses;			New definition
65B (38)	"port" has the meaning assigned to it in clause (q) of section 2 of the Major Port Trusts Act, 1963 or in clause (4) of section 3 of the Indian Ports Act, 1908;	65 (81)	"port" has the meaning assigned to it in clause (q) of section 2 of the Major Port Trusts Act, 1963	
65B (39)	"prescribed" means prescribed by rules made under this Chapter;	65 (86)	"prescribed" means prescribed by rules made under this Chapter;	No Change
65B (40)	"process amounting to manufacture or production of goods" means a process on which duties of excise are leviable under section 3 of the Central Excise Act, 1944 or any process amounting to manufacture of alcoholic liquors for human consumption, opium, Indian hemp and other narcotic drugs and narcotics on which duties of excise are leviable under any State Act for the time being in force;	–	–	New definition inserted mainly to exclude such process which are otherwise considered as "amounts to manufacture" under different laws.

New		Earlier		
65B (41)	"renting" means allowing, permitting or granting access, entry, occupation, use or any such facility, wholly or partly, in an immovable property, with or without the transfer of possession or control of the said immovable property and includes letting, leasing, licensing or other similar arrangements in respect of immovable property;	65 (90a)	"renting of immovable property" includes renting, letting, leasing, licensing or other similar arrangements of immovable property for use in the course or furtherance of business or commerce but does not include - (i) renting of immovable property by a religious body or to a religious body; or (ii) renting of immovable property to an educational body, imparting skill or knowledge or lessons on any subject or field, other than a commercial training or coaching centre; Explanation 1.-For the purposes of this clause, "for use in the course or furtherance of business or commerce" includes use of immovable property as factories, office buildings, warehouses, theatres, exhibition halls and multiple-use buildings; Explanation 2.- For the removal of doubts, it is hereby declared that for the purposes of this clause "renting of immovable property" includes allowing or permitting the use of space in an immovable property, irrespective of the transfer of possession or control of the said immovable property;	Definition have broadened the scope and avoided the disputes.
65B (42)	"Reserve Bank of India" means the bank established under section 3 of the Reserve Bank of India Act, 1934;			New definition
65B (43)	"securities" has the meaning assigned to it in clause (h) of section 2 of the Securities Contract (Regulation) Act, 1956;	65 (93)	"securities" has the meaning assigned to it in clause (h) of section 2 of the Securities Contract (Regulation) Act, 1956;	NO Change
65B (44)	"service" means any activity carried out by a person for another for consideration, and includes a declared service, but shall not include- (a) an activity which constitutes merely-- (i) a transfer of title in goods or immovable property, by way of sale, gift or in any other manner; or (ii) a transaction in money or actionable claim; (b) a provision of service by an employee to the employer in the course of or in relation to his employment; (c) fees taken in any Court or tribunal established under any law for the time being in force. Explanation 1.- For the removal of doubts, it is hereby declared that nothing contained in this clause shall apply to,- (A) the functions performed by the Members of Parliament, Members of State Legislative, Members of Panchayats, Members of Municipalities and Members of other local authorities who receive any consideration in performing the functions of that office as such member; or (B) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or (C) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or State Governments or local authority and who is not deemed as an employee before the commencement of this section. Explanation 2.-- For the purposes of this Chapter,- (a) an unincorporated association or a body of persons, as the case may be, and a member thereof shall be treated as distinct persons;	-	-	New definition of "Services" has been inserted so as to exclude employees and such persons who perform their duties in the officio capacity and not as part of contractual service. E.g: Sitting fees of the directors, Daily allowance / allowance to the elected representative, salary to the partner.

New		Earlier		
	(b) an establishment of a person in the taxable territory and any of his other establishment in a non-taxable territory shall be treated as establishments of distinct persons. Explanation 3.- A person carrying on a business through a branch or agency or representational office in any territory shall be treated as having an establishment in that territory;			
65B (45)	"Special Economic Zone" has the meaning assigned to it in clause (za) of section 2 of the Special Economic Zones Act, 2005;		Definition was provided in exemption notification related to service provided to SEZs	
65B (46)	"stage carriage" shall have the meaning assigned to it in clause (40) of section 2 of the Motor Vehicles Act, 1988;			New definition so as to include under exempted / negative services
65B (47)	"State Electricity Board" means the Board constituted under section 5 of the Electricity (Supply) Act, 1948;			New definition so as to include under exempted / negative services
65B (48)	"State Transmission Utility" shall have the meaning assigned to it in clause (67) of section 2 of the Electricity Act, 2003;			New definition so as to include under exempted / negative services
65B (49)	"support services" means infrastructural, operational, administrative, logistic, marketing or any other support of any kind comprising functions that entities carry out in ordinary course of operations themselves but may obtain as services by outsourcing from others for any reason whatsoever and shall include advertisement and promotion, construction or works contract, renting of immovable property, security, testing and analysis;			
65B (50)	"tax" means service tax leviable under the provisions of this Chapter;	65 (95)	"service tax" means tax leviable under the provisions of this Chapter;	No meaningful change
65B (51)	"taxable service" means any service on which service tax is leviable under section 66B;	65 (105) (a) to (zzzzw)	65 (105) (a) to (zzzzw) has been deleted.	Separate charging section has been provided.
65B (52)	"taxable territory" means the territory to which the provisions of this Chapter apply;			New Definition
65B (53)	"vessel" has the meaning assigned to it in clause (z) of section 2 of the Major Port Trusts Act, 1963;	65 (118)	"vessel" has the meaning assigned to it in clause (z) of section 2 of the Major Port Trusts Act, 1963;	No Change
65B (54)	works contract" means a contract wherein transfer of property in goods involved in the execution of such contract is leviable to tax as sale of goods and such contract is for the purpose of carrying out construction, erection, commissioning, installation, completion, fitting out, improvement, repair, renovation, alteration of any building or structure on land or for carrying out any other similar activity or a part thereof in relation to any building or structure on land;	65 ()		
65B (55)	words and expressions used but not defined in this Chapter and defined in the Central Excise Act, 1944 or the rules made thereunder, shall apply, so far as may be, in relation to service tax as they apply in relation to a duty of excise.'	65 (121)	words and expressions used but not defined in this Chapter and defined in the Central Excise Act, 1944 or the rules made thereunder, shall apply, so far as may be, in relation to service tax as they apply in relation to a duty of excise. Explanation.-For the purposes of this section, taxable service includes any taxable service provided or to be provided by any unincorporated association or body of persons to a member thereof, for cash, deferred payment or any other valuable consideration.	No Change

ANNEXURE B : NEGATIVE LIST OF SERVICES AS PER SEC 66C

Services	Author's Analysis
<p>(a) services by Government or a local authority excluding the following services to the extent they are not covered elsewhere-</p> <ol style="list-style-type: none"> 1. services by the Department of Posts by way of speed post, express parcel post, lifeinsurance and agency services provided to a person other than Government; 2. services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport; 3. transport of goods or passengers; or 4. support services, other than services covered under clauses (i) to (iii) above, provided to business entities; 	<p>Service provided by a person w.r.t. Post, Life Insurance, services in relation to port, aircraft, vessel, and transport of goods / passengers other than Government is covered under taxable net.</p> <p>In other words services provided by Government / Local Authorities are exempted and private operators / service providers are covered under service tax net.</p> <p>Cost of services from service providers other than Government will be costlier than 12.36%.</p>
(b) services by the Reserve Bank of India;	
(c) services by a foreign diplomatic mission located in India;	
<p>(d) services relating to agriculture by way of-</p> <ol style="list-style-type: none"> i. agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or seed testing; ii. supply of farm labour; iii. processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market; iv. renting or leasing of agro machinery or vacant land with or without a structure incidental to its use; v. loading, unloading, packing, storage or warehousing of agricultural produce; vi. agricultural extension services; vii. services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce; 	<p>Number of sugar factories and their Co-operative federations, Food Preservation Activities will be out of service tax net.</p>
(e) trading of goods;	<p>However presently it is covered under Exempted Services for the calculation of Cenvat Credit reversal under Rule 6 (3A) of Cenvat Credit Rules, 2004 and the same will continue except amendment in Cenvat Credit so as to include negative services.</p>
(f) any process amounting to manufacture or production of goods;	
(g) selling of space or time slots for advertisements other than advertisements broadcast by radio or television;	<p>Advertisement directly given the news paper may not be covered under the service tax. Sale of Space for advertisement in Bill Board, Public Places, Building, Conveyances, Cell Phone, Internet, ATM, Ariel advertisements are not taxable.</p>
(h) service by way of access to a road or a bridge on payment of toll charges;	
(i) betting, gambling or lottery;	
(j) admission to entertainment events or access to amusement facilities;	
(k) transmission or distribution of electricity by an electricity transmission or distribution utility;	
<p>(l) services by way of-</p> <ol style="list-style-type: none"> (i) pre-school education and education up to higher secondary school or equivalent; (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force; (iii) education as a part of an approved vocational education course; 	
(m) services by way of renting of residential dwelling for use as residence;	<p>Service apartments may not be covered under this category even though the same is used for residential purpose</p>
<p>(n) services by way of-</p> <ol style="list-style-type: none"> (i) extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount; (ii) inter se sale or purchase of foreign currency amongst banks or authorised dealers or foreign exchange or amongst banks and such dealers; 	<p>Interbank / Inter Authorized Dealer transactions are excluded from the net of service tax.</p>

Services	Author's Analysis
(o) service of transportation of passengers, with or without accompanied belongings, by- (i) a stage carriage; (ii) railways in a class other than- (A) first class; or (B) an airconditioned coach; (iii) metro, monorail or tramway; (iv) inland waterways; (v) public transport, other than predominantly for tourism purpose, in a vessel of less than fifteen tonne net; and (vi) metered cabs, radio taxis or auto rickshaws;	– First Class and AC Travel will attract Service tax. – Rent a Cab will be more costlier than that of Radio Taxis or Meter Cab
(p) services by way of transportation of goods- (i) by road except the services of- (A) a goods transportation agency; or (B) a courier agency; (ii) by an aircraft or a vessel from a place outside India to the first customs station of landing in India; or (iii) by inland waterways;	
(q) funeral, burial, crematorium or mortuary services including transportation of the deceased.	

ANNEXURE C: LIST OF DECLARED SERVICES

Services	Author's Analysis
(a) renting of immovable property;	Issue pending with Honorable Supreme Court will be only limited to prior period.
(b) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration is received after issuance of completion-certificate by the competent authority. Explanation.- For the purposes of this clause, - (I) the expression "competent authority" means the Government or any authority authorized to issue completion certificate under any law for the time being in force and in case of non requirement of such certificate from such authority, from any of the following, namely:-- (A) architect registered with the Council of Architecture constituted under the Architects Act, 1972; or (B) chartered engineer registered with the Institution of Engineers (India); or (C) licensed surveyor of the respective local body of the city or town or village or development or planning authority; (II) the expression "construction" includes additions, alterations, replacements or remodeling of any existing civil structure;	All disputes on account of construction services will no longer exists.
(c) temporary transfer or permitting the use or enjoyment of any intellectual property right;	
(d) development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;	The issue whether Software is goods or services, has been given full stop since it has been now covered under "Declared Services"
(e) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act;	Providing compensation for "Non Competing" or compensation in similar matter are now covered under Service net under the heading of declared
(f) transfer of goods by way of hiring, leasing, licensing or in any such manner without transfer of right to use such goods;	services All types of transactions including leasing, hire purchase or of similar nature are covered under the service tax net under the heading of "Declared Services"
(g) activities in relation to delivery of goods on hire purchase or any system of payment by installments;	
(h) service portion in the execution of a works contract;	
(i) service portion in an activity wherein goods, being food or any other article of human consumption or any drink (whether or not intoxicating) is supplied in any manner as a part of the activity.	Hotel & Restaurants, Bars will be subjected for service tax.

CENTRAL EXCISE

In the budget presented before the parliament by the Finance Minister for the Financial year 2012-13, on expected lines, the rate of excise duty and service tax has been enhanced from 10% to 12%. Accordingly goods chargeable to 1% excise duty has been enhanced to 2% and 5% excise duty has been enhanced to 6%. Similarly, reversal of CENVAT amount under Rule 6, of CENVAT Credit Rules also has been enhanced from 5% to 6%.

Below are important provisions /amendments.

Central Excise Act,1944

Section	Nature of Amendment	Summary of Changes	Author's Analysis
Explanation (i) u/s 4(3) (b)	Definition of Inter - Connected Undertakings as per MRTTP Act, 1969 has been incorporated in the definition of related person	<p>In addition to the definition as per the MRTTP Act, 1969, the following explanations have been inserted :</p> <p>Explanation V.- For the purposes of this clause, "group" means a group of-</p> <p>(i) two or more individuals, associations of individuals, firms, trusts, trustees or bodies corporate (excluding financial institutions), or any combination thereof, which exercises, or is established to be in a position to exercise, control, directly or indirectly, over any body corporate, firm or trust; or</p> <p>(ii) associated persons.</p> <p>Explanation VI.- For the purposes of this clause,--</p> <p>(I) a group of persons who are able, directly or indirectly, to control the policy of a body corporate, firm or trust, without having a controlling interest in that body corporate, firm or trust, shall also be deemed to be in a position to exercise control over it;</p> <p>(II) "associated persons"-</p> <p>(a) in relation to a director of a body corporate, means-</p> <p>(i) a relative of such director, and includes a firm in which such director or his relative is a partner;</p> <p>(ii) any trust of which any such director or his relative is a trustee;</p> <p>(iii) any company of which such director, whether independently or together with his relatives, constitutes one-fourth of its Board of directors;</p> <p>(iv) any other body corporate, at any general meeting of which not less than one-fourth of the total number of directors of such other body corporate are appointed or controlled by the director of the first mentioned body corporate or his relative, whether acting singly or jointly;</p> <p>(b) in relation to the partner of a firm, means a relative of such partner and includes any other partner of such firm; and</p> <p>(c) in relation to the trustee of a trust, means any other trustee of such trust;</p> <p>(III) where any person is an associated person in relation to another, the latter shall also be deemed to be an associated person in relation to the former;'</p>	<p>Issues w.r.t. valuation will be more complex due to enhancement of the scope of related parties. Inclusion of trust, association of person, firm, deeming provision of controlling etc., will enhance the scope of related person.</p>
Section 9 - Offences and Penalties	Amendment in Value of Duty Liability	Offences punishable with imprisonment for a term which may extend to seven years with fine for Duty liability of Rs. 1 lakh has been enhanced to Rs. 30 lakhs.	While it is welcome move, amendment in Section 9A to negate, the decision, of Hon'able Supreme Court holding offenses, under Excise and Customs are not cognizable and hence such draconian amendment has being made. However, there is no such provision that such prosecution action only to be initiated when case has been finally decided by CESTAT. Lower judiciary authorities normally confirm the demand. Hence, offences with a punishable for a term of imprisonment of 3 years or more are cognizable which a draconian provision from the assessee's perspective.
Section 9A	Amendment	Offences except punishable for a term of imprisonment of 3 years or more has been made have been made non-cognizable.	

Section	Nature of Amendment	Summary of Changes	Author's Analysis
Section 11A(8)	Amendment	Where the service of notice is stayed by an order of a court or tribunal, the period of such stay shall be excluded in computing the period of one year referred to in clause (a) of sub-section (1) or five years referred to in sub-section (4) or sub-section (5), as the case may be."	Substitution by rewording the period of one year for serving of notice wherein the period of Stay is not being considered.
Section 11AC (1) (c)	Amendment	For the for the words "duty so determined", the words "duty so determined only in a case where the penalty is paid within the period so specified" shall be substituted	Government has ensured that the penalty @ 25% of the duty liability is also being discharged within period specified for payment of duty alongwith interest i.e. 30 days.
Section 12F(2)	Amendment	The provisions of the Code of Criminal Procedure, 1973 relating to search and seizure shall, so far as may be, apply to search and seizure under this section subject to the modification that subsection (5) of section 165 of the said Code shall have effect as if for the word "Magistrate", wherever it occurs, the words "Commissioner of Central Excise" were substituted.'	Clarity has been brought towards powers w.r.t search and seizure procedure.
Section 13	Amendment	<p>(1) If an officer of Central Excise empowered in this behalf by general or special order of the Commissioner of Central Excise has reason to believe that any person has committed an offence punishable under this Act, he may arrest such person and shall, as soon as may be, inform him of the grounds for such arrest.</p> <p>(2) Every person arrested under sub-section (1) for an offence shall, without unnecessary delay, be taken to a Magistrate.</p> <p>(3) Where an officer of Central Excise has arrested any person under sub-section (1), for any offence (other than an offence punishable for a term of imprisonment of three years or more under section 9), he shall, for the purpose of releasing such person on bail or otherwise, have the same powers and be subject to the same provisions as the officer-in-charge of a police station has, and is subject to, under the Code of Criminal Procedure, 1973.</p> <p>(4) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, all offences under this Act (except an offence punishable for a term of imprisonment of three years or more under section 9) shall be bailable.</p> <p>(5) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, all offences punishable for a term of imprisonment of three years or more under section 9 shall be cognizable.</p>	Clear procedure has been laid down towards power to arrest by the Excise Officer, wherein the officer after arresting any person shall immediately inform the Commissioner of the grounds of the arrest, will be immediately taken to Magistrate, and such officer has the same powers that are to a officer incharge of police station are bailable except in cases where offences are punishable for a term of imprisonment of 3 years or more and the such offences are cognizable.
Section 13A	Insertion	<p>(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, no person accused of an offence punishable for a term of imprisonment of three years or more under section 9 shall be released on bail or on his own bond unless-</p> <p>(i) the public prosecutor has been given an opportunity to oppose the application for such release; and</p> <p>(ii) where the public prosecutor opposes the application, the Magistrate is satisfied that there are reasonable grounds for believing that he is not guilty of such offence and that he is not likely to commit any offence while on bail:</p> <p>Provided that a person who is under the age of eighteen years or is a woman or is sick or infirm, may be released on bail if the Magistrate so directs.</p> <p>(2) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, no police officer shall, save as otherwise provided under this Act, investigate into an offence under this Act unless specifically authorised by the Central Government by a general or special order, and subject to such conditions as may be specified in the order."</p>	<p>In case of offences punishable for term of imprisonment of 3 years or more, shall not be granted bail unless public prosecutor has been given an opportunity to represent the department for opposing the bail and the thereafter if the Magistrate is satisfied he may grant bail.</p> <p>It has also been stated no officer can investigate into an offence unless specifically authorised by the Central Government by a general or special order.</p>

Section	Nature of Amendment	Summary of Changes	Author's Analysis
Notification under Section 5A	Retrospective Amendment in CE Not. 1/2010 dated 6th February, 2010	The said notification provided exemption from Central Excise duty to goods cleared from new units or units that have undertaken substantial expansion in Jammu and Kashmir for a period of ten years from the date of commencement of commercial production of the expanded capacity. Retrospective amendment has been brought in w.e.f 6th Feb 2010 for units having substantial expansion after 6th Feb. 2010 for availing benefit of 10 years from such expansion.	Clarity has been brought in to give the effect of benefit from Central Excise duties for a period ten years from the date of commencement of production from such units having substantial expansions, big relief to units in Jammu and Kashmir.
Third Schedule	Amendment	Serial No. 26 A inserted to include Cigarettes containing tobacco - Process of packing, repacking, labelling, re labelling including declaration or alteration of Retail Sale Price as "Deemed Manufacture" under Third Schedule.	
Section 11AA	Substitution	Section 11AB was deleted in the last budget and the provision were incorporated in Section 11AA and in this budget necessary amendments have been made wherever Section 11AB was referred.	

CENVAT Credit Rules, 2004

Notification No. 18/2012 CE (NT) dated 17 March, 2012

Rule	Nature of Amendment	Summary of Changes	Author's Analysis
Rule 2(a) (A)	Amendment in Capital Goods	Definition of Capital Goods has been amended to include "motor vehicles" other than tariff head 8702, 8703, 8704, 8711 and their chassis used in the factory of Manufacturer of final products or for providing output services.	Motor Vehicles excluded are 8702 (motor vehicles for the transport of ten or more persons), 8703 (Motor cars other than 8702 including station wagons and racing cars), 8704 (Motor vehicles for transport of goods), 8711 (Motor Cycles) and thus motor vehicles such as Break down lorries, crane lorries, fire fighting vehicles, concrete mixer lorries, Spraying lorries, mobile work shops, mobile radiological units will fall into definition of capital goods as specified in sub rule (A) of Rule 2(a).
Rule 2(a) (B)	Amendment in Capital Goods	"Motor vehicles" of tariff head 8702, 8703, 8704, 8711 and their chassis have been specifically included as capital goods for service providers.	
Rule 2(a) (D)	Amendment in Capital Goods	Components, spares, and accessories of Motor vehicles covered under clause (A) above of the definition of capital goods.	Incorporated due to change in definition of Capital goods under Clause (A)
Rule 2(l) (B)	Amendment in Input Service	Sub Clauses (o) and (zzzzj) of section 65(105) of Finance Act, 1994 i.e. Rent a Cab Services and Supply of tangible goods by a Service Provider relating motor vehicles wherein credit on motor vehicles as capital goods are availed. In short, credit of service tax on input services towards above categories of services can be availed. Service Tax credit w.r.t sub Clauses (d) and (zo) of section 65(105) of Finance Act, 1994 i.e. General Insurance and Authorised Service Stations, can be availed only when he is a manufacturer of motor vehicles and only w.r.t motor vehicles manufactured by him and for a service provider only w.r.t motor vehicle insured or reinsured by him.	This is line with inclusion of Motor vehicle in the definition of capital goods.
Rule 3(5)	Omitted	Provisions with amendments incorporated in Rule 3(5A).	
Rule 3(5A)	Amendment	If the capital goods on which cenvat credit has been taken are removed after being used, whether as capital goods or as scrap or waste, the manufacturer or provider of output services shall pay an amount equal to the cenvat credit taken on the said capital goods reduced by the percentage points calculated by straight line method as specified for each quarter of year or part thereof from the date of taking the cenvat credit. Provided that if the amount so calculated is less than the amount equal to the duty leviable on transaction value, the amount to be paid shall be equal to the duty leviable on transaction value. Depreciation rates for computation as above remains the same.	Good old days are back, going forward Excise duties will be charged on the transaction value unless the duties arrived on transaction value is less than depreciated cenvat credit availed or else duty liability will be as per depreciated cenvat credit.

Rule	Nature of Amendment	Summary of Changes	Author's Analysis
Rule 4	Insertion of new Proviso.	For Service Providers : Provided further that the Cenvat credit in respect inputs and capital goods may be taken by the provider of output service when the inputs and capital goods are delivered to such provider subject to maintenance of documentary evidence of delivery and location of the inputs and capital goods.	Maintenance of documentary evidence of delivery and location has been made mandatory for availing cenvat credit on inputs and capital goods by service provider.
Rule 5	Amendment	Gist of Refund procedure of Cenvat credit on inputs and input services by a manufacturer / service provider. 1. More Clarity by introducing refund on export Turnover basis rather than on input consumption basis. 2. Export Turnover of goods means value of finished goods exported during the relevant period without payment of Central Excise duty under bond / LUT. 3. Export Turnover of Services is calculated as payments received during the relevant period for the export services (+) export services whose provision has been completed for which payment has been received in advance in any period prior to the relevant period (-) advances received for export services for which provision of service has not been completed during the relevant period. 4. Total Turnover is the sum of all excisable goods cleared during the relevant period including exempted, dutiable goods and excisable goods exported (+) Export Turnover of Services as stated above and value of other services during the relevant period (+) all inputs removed as such against an invoice during the relevant period. 5. Net Cenvat Credit is cenvat credit availed on inputs and input services by the manufacturer or output service provider (-) amount reversed for remission of duty. 6. Refund Amount will be [Export Turnover of goods (+) Export turnover of Services] / Total Turnover (*) Net Cenvat Credit 7. The said provisions will be applicable on or after 01.04.2012 8. Existing provision of no refund of credit in case the manufacturer / service provider avails drawback or claims rebate of duty and service tax remains the same. (refer Annexure for detailed provisions)	Welcome changes for Refund of Cenvat Credit, Consumption related information of inputs has been waived off and thus refund procedure has been truly liberalised. Some of the amendments w.r.t dispensing of the requirement of one to one relation of inputs and input services in to exported goods or services were made through Board circular, now being made as a part of law. However, payment details towards Export services will have to be monitored.
Rule 6(3) (1)	Amendment	Manufacturer or Provider of output service opting not to maintain separate accounts shall either opt for an option to pay an amount equal to 6% of the exempted goods and exempted services.	Earlier rate was 5%, the same has been brought in line with the increased rate of 2% in excise duty and service tax.
Rule 7	Amendment	Manner of distribution of credit of Input service distributor: The input service distributor may distribute the CENVAT credit in respect of the service tax paid on the input service to its manufacturing units or units providing output service, subject to the following conditions, namely:- (a) the credit distributed against a document referred to in rule 9 does not exceed the amount of service tax paid thereon; (b) credit of service tax attributable to service used in a unit exclusively engaged in manufacture of exempted goods or providing of exempted services shall not be distributed; (c) credit of service tax attributable to service used wholly in a unit shall be distributed only to that unit; and (d) credit of service tax attributable to service used in more than one unit shall be distributed prorata on the basis of the turnover of the concerned unit to the sum total of the turnover of all the units to which the service relates.	Logical provisions being introduced wherein credit of services exclusive units will be directly distributed to them whereas credit towards common services will be distributed on prorata on the turnover basis of the respective units. Automatically, proportion of common services towards exempted units turnover cannot be distributed and will become a cost.

Section	Nature of Amendment	Summary of Changes	Author's Analysis
		Explanation 1.- For the purposes of this rule, 'unit' includes the premises of a provider of output service and the premises of a manufacturer including the factory, whether registered or otherwise. Explanation 2.- For the purposes of this rule, the total turnover shall be determined in the same manner as determined under rule 5.'	
Rule 9(e)	Amendment	Documents for availing credit under reverse charge and import of services: A challan evidencing payment of service tax by the service recipient as the person liable to pay the service tax.	Earlier provision was restrictive for specific services, but now due to introduction of several other services under reverse charge, more generic provision has been brought in for availment of cenvat credit by service recipient discharging service tax.
Rule 10A	New Insertion	Transfer of Cenvat credit of additional duty levied as per Sec 3(5) of Customs Act,1962 (SAD). A manufacturer having one or more registered premises for which registration under Central Excise Rules, 2002 has been obtained on the basis of common PAN under the Income Tax Act, 1961 may transfer unutilised cenvat credit of SAD lying in balance with one of his registered premises at the end of the quarter to his another registered premises by way of making an entry for such transfer in the documents maintained under Rule 9 and issuing a transfer challan containing registration number, name and address of the registered premises transferring the credit and receiving such credit, amount of credit transferred and particulars of such entry. The recipient premises may take cenvat credit on the basis of transfer challan as mentioned above. The above rule shall not apply if the transferring and recipient premises are availing the area based exemption benefits. Refer notification 18/2012 for a detailed list of exemption notifications Necessary amendment has also been made in the statutory Monthly returns. (Refer Notification no. 12/2012 CE NT dated 17.03.2012)	–
Rule 14	Amendment	Recovery of cenvat credit or erroneously refunded: Where the Cenvat credit has been taken or utilised wrongly or has been erroneously refunded, the same alongwith interest shall be recovered from the manufacturer or the provider of output service	Welcome amendment !! First Time to negate decision of Honourable decision which was against the assessee has been amended. Therefore, if there is unutilised cenvat balance and if recovery of cenvat credit is to be made, no interest will be applicable.

Central Excise Rules, 2002 :

Eventhough there is no notification, it has been explained in the TRU circular that Rule 22 (3) is being amended to empower the officers of audit, Cost Accountant, Chartered Accountant appointed under 14A and 14AA to prescribe the time limit within which unit has to submit the documents for audit.

OTHER RELEVANT CENTRAL EXCISE - Non Tariff NOTIFICATIONS :

Notification no.	Earlier principal notification if any	Summary of Changes	Author's Analysis																
07/2012 dated 17.03.2012	49/2008 dated 24.12.2008 as amended	MRP Based Assessment - Percentage of Abatement <table border="1"> <thead> <tr> <th>Sr no.</th> <th>Tariff</th> <th>Product</th> <th>Abatement</th> </tr> </thead> <tbody> <tr> <td>26A</td> <td>2402</td> <td>Cigarettes</td> <td>50%</td> </tr> <tr> <td>28A</td> <td>2523.29</td> <td>Cement</td> <td>30%</td> </tr> <tr> <td>56</td> <td>64</td> <td>Footware</td> <td>35%</td> </tr> </tbody> </table>	Sr no.	Tariff	Product	Abatement	26A	2402	Cigarettes	50%	28A	2523.29	Cement	30%	56	64	Footware	35%	–
Sr no.	Tariff	Product	Abatement																
26A	2402	Cigarettes	50%																
28A	2523.29	Cement	30%																
56	64	Footware	35%																
9/2012 dated 17.03.2012	–	Tariff value @ 30% of the transaction value as declared in the Invoice value w.r.t articles of jewellery (other than silver jewellery) falling under sub heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985. The notification shall not apply to articles of jewellery manufactured from precious metals or old jewellery provided by the retail customer.	Rate of duty remains 1%																
10/2012 dt.17.3.2012	11/2010 dated 27.2.2010 as amended	Chewing tobacco has been substituted with "Chewing tobacco and Jarda Scented Tobacco"																	
13/2012 dated 17.03.2012	34/2001 dated 21.06.2001	Central Excise (Removal of Goods at Concessional rate of duty for manufacture of excisable goods) Amendment Rules 2012 : Under Rule 5, Monthly Returns has been substituted with Quarterly Returns																	
17/2012 dt. 17.3.2012	20/2001 dated 30.04.2001	Readymade Garments, made up articles of Textiles falling under chapter 61, 62 & 63 : Tariff value has been revised and shall be equal to 30% of Retail Sale Price (RSP) instead of earlier 45%.																	

CENTRAL EXCISE - TARIFF

General excise duty rate (CENVAT rate) is being enhanced from 10% to 12%. Consequently, the rate of 5% is also being enhanced to 6% while 1% excise duty applicable on 130 items is also being enhanced to 2% with a few exceptions as notified.

We are mentioning below chapter heading wise important changes in Excise Tariff

Chapter 1 to 20

Food preparations containing fruits and vegetables falling under chapter 20, which are prepared and served in a hotel, restaurant or retail outlet whether or not such food is consumed in such hotel, restaurant or retail outlet is being fully exempted from basic excise duty. [S.No.13 of Notification No.12 /2012-CE dated the 17th March 2012 refers]

Chapter 21

21.1 Basic excise duty on processed food products of soya is being reduced from 10% to 6% ad valorem. [S.No.31 of Notification No. 12/2012-CE dated the 17th March 2012 refers]

21.2 The rates of excise duty on Pan Masala and Guthka classified under 2106 90 20 and 2403 99 90 respectively and notified under section 3A is being enhanced. [Notification no. 13/2012-CE dated the 17th March, 2012 refers]

Chapter 22 to 23

No Change in the above tariff heading

Chapter 24

24.1 The existing slab of filter and non filter cigarettes of "length not exceeding 60 mm" is being modified to "length not exceeding 65 mm". Consequently, the slab "exceeding 60mm but not exceeding 70mm" is also being revised to "exceeding 65mm but not exceeding 70mm" in both filter and non filter segment. However the existing rate of excise duty applicable to cigarettes of length not exceeding 60mm would apply to cigarettes -both filter and non filter of length not exceeding 65mm. Similarly, the existing rates of NCCD and AED applicable to cigarettes of length not exceeding 60mm would continue to apply to cigarettes -both filter and non filter of length not exceeding 65mm [Clause 141 read with the Seventh schedule and Notification no. 10 /2012- CE, Notification no. 11/2012-CE and Notification No. 9 /2012 -CE dated the 17th March, 2012 refers]

24.2 A 10% ad valorem duty is being imposed in addition to the existing specific duty on all slabs of cigarettes other than filter and non filter cigarette of length not exceeding 65 mm. [Clause 141 read with the Seventh schedule refers]

24.3 The excise duty on Cigars, Cheroots and Cigarillos is also being enhanced [Clause 141 read with the Seventh schedule refers]

24.4 The rate of excise duty on Biris is being increased by Rs.2 per thousand for both handmade and machine made biris. [S.No.47 & 48 of Notification No.12 / 2012-CE dated the 17th March 2012 refers]

24.5 The rates of excise duty on Chewing tobacco classified under tariff item 2403 99 10, unmanufactured tobacco classified under Heading 2401 and Jarda scented tobacco classified under 2403 99 30, notified under section 3A is being enhanced. [Notification No.14/2012-CE dated the 17th March 2012 refers]

Chapter 25

25.1 The graded excise duty structure based on RSP slabs applicable to cement manufactured and cleared in packaged form is being removed for both mini-cement plants and non-mini cement plants. The excise duty rates on such cement as well as cement cleared other than in packaged form is also being revised [S. No. 51 and 52 of notification No. 12/2012-CE dated 17.03.12 refers]. The excise duty rate on cement clinkers is also being revised. [S. No. 53 of notification No. 12/2012-CE dated 17.03.12 refers].

Chapter 26

The description of tariff items 2601 11 10 to 2601 11 90 is being revised based on Fe content [clause 141 read with the Seventh schedule refers]

Chapter 27

27.1 The rate of cess levied on indigenous crude under the Oil Industry (Development) Act, 1974 is being enhanced to Rs. 4500 per tonne [clause 151 of Finance Bill, 2012 refers].

Chapter 28

28.1 Basic excise duty on Iodine is being reduced from 10% to 6%. [S.No. 95 of Notification No. 12/2012-CE dated the 17th March 2012 refers]

Chapter 29

No Change

Chapter 30

Six specified lifesaving drugs/vaccines and bulk drugs for their manufacture are being fully exempted from excise duty [S.No. 108 of Notification No. 12/2012-CE dated the 17th March 2012 refers]

Chapter 31 to 35

No Change

Chapter 36

36. Excise duty rate on Matches manufactured by semi-mechanized units - carrying out one or both the processes of frame filling or dipping of splints in the composition for match heads through aid of power is being reduced from 10% to 6%. [S.No. 142 of Notification No.12 /2012-CE dated the 17th March 2012 refers]

Chapter 37 to 39

No Change

Chapters 40

40.1 Excise duty on pneumatic tyres, new or retreaded, used in aircraft is being reduced from 10% to "nil"

Chapter 41 to 47

No Change

Chapters 48

48. A chapter note in chapter 48 is being inserted to provide that if paper and paper products of headings 4811, 4816 or 4820 are printed with any character, name logo, motif or format, they shall remain classified under chapter 48 as long as such products intended to be used for further printing." [Clause 141 read with the Seventh schedule refers]

Chapter 49

No Change

Chapter 50 to 60

No Change

Chapter 61

61.1. The excise duty is being enhanced to 12% on readymade garments bearing a brand name or sold under a brand name. [S.No. 49, 50, 51 of Notification No. 18/ 2012-CE dated the 17th March 2012 refers]

61.2 The rate of abatement on such readymade garments is being increased from 55 % to 70%. Hence, the tariff value for purposes of charging duty would be @ 30% of the retail sale price. [S.No. of Notification No.17 /2012-CE (NT) dated the 17th March 2012 refers]

61.3. The scope of exemption on return goods have been modified [Notification No. 8/2012-CE dated the 17th March 2012 refers]

Chapter 62 to 63

The rate of abatement on made-ups bearing a brand name or sold under a brand name is being increased from 55 % to 70%. Hence, the tariff value for purposes of charging duty would be @ 30% of the retail sale price. [S.No. of Notification No.17/2012-CE (NT) dated the 17th March 2012 refers]

Chapter 64

64.1 The exemption limit available to non-leather footwear is being increased to MRP Rs. 500. For footwear exceeding Rs. 500, the applicable duty would be 12%. [S. No. 180 of notification No.12/2012-CE dated 17.03.12 refer].

Chapter 65 to 70

No change

Chapter 71

71.1 A chapter note is being inserted in chapter 71 to provide that for the purposes of headings 7113 and 7114, the processes of affixing or embossing trade name or brand name on articles of jewellery or on articles of goldsmiths? or silversmiths? wares of precious metal or of metal clad with precious metal, shall amount to "manufacture". [Clause 141 read with the Seventh schedule refers]

71.2 Excise duty is being increased on serially numbered gold bars, other than tola bars, starting from the gold ore or concentrate/gold dore bar stage in the same factory from "1.5%" to "3%" [S. No. 189 of notification No.12/2012-CE dated 17.03.12 refers].

71.3 Excise duty is being increased on serially numbered gold bars, other than tola bars and gold coin of purity not below 99.5% manufactured during the process of copper smelting from "2%" to "3%" [S. No. 191 of notification No.12/2012-CE dated 17.03.12 refers].

71.4 Full exemption from excise duty is being provided for gold coins of purity 99.5% and above and silver coins of purity 99.9% and above [S. No. 200 of notification No.12/2012-CE dated 17.03.12 refers].

71.5. An excise duty of 1% without CENVAT credit facility is being imposed on all articles of jewellery other than silver jewellery which is being fully exempted. Such duty is to be paid on tariff value which is being fixed at 30% of the transaction value as declared in the invoice [S.No. 199 of Notification no.12 /2012-CE dated 17.03.2012 and Notification no 09/2012-CE(N.T.) dated 17.03.2012 refers].

71.6 While the general SSI exemption is being extended to such goods, it is also being provided that for the purposes of availing the exemption under the said notification for the financial year 2012-13, the aggregate value of clearances of Rs. 4.5 crore for 2011-12 shall be calculated on such tariff value. [Notification No. 8 /2003-Central Excise dated 1.3.2003 as amended by Notification No. 15 /2012-Central Excise dated 17.03.2012 refers].

71.7 Excise duty rate is being increased on the DTA [Domestic Tariff Area] clearances of plain gold jewellery manufactured by an EOU (Export Oriented Units) from 5% ad valorem to 10% ad valorem. [S. No.8 of notification No. 23/2003-CE dated 31.03.03 as amended by notification no 5/2012-CE dated 17.03.2012 refers].

71.8 Full exemption from excise duty is being provided for all articles of precious metals not bearing a brand name [S. No.192 of notification No. 12/2012-CE dated 17.03.12 refers].

Chapter 72 to 73

A chapter note is being inserted to provide that the process of oiling and pickling in respect of goods of heading 7208 shall amount to manufacture [Clause 141 read with the Seventh schedule refers]

Chapters 74 to 79

74.1. The description of goods falling in tariff item nos. 7404 00 12, 7404 00 22, 7503 00 10, 7602 00 10 and 7802 00 10 is being aligned with revised ISRI code [Clause 141 read with the Seventh schedule refers]

74.2 A chapter note is being inserted in chapter 76 to provide that the process of cutting, slitting and printing of aluminium foils shall amount to manufacture [Clause 141 read with the Seventh schedule refers]

Chapter 80 to 84

No Change

Chapters 85

85.1. The concessional excise duty rate 2% without CENVAT Credit is being extended to parts, components and specified accessories viz. battery chargers, PC Connectivity Cables, Memory cards and hands-free headphones of mobile phones [S.No. 131 of Notification No. 1/2011-CE dated the 1st March 2011 as amended by Notification No. 16/2012-CE dated the 17th March 2012 refers]

85.2 A chapter Note is being inserted to provide that the process of matching, batching and charging of Lithium Ion batteries or the making of battery packs shall amount to manufacture [Clause 141 read with the Seventh schedule refers]

85.3 Excise duty on Lithium ion batteries packs for supply to electric vehicle/Hybrid vehicle manufacturers is being reduced from 10% to 6% upto 31st March, 2013. [S.No. 261 of Notification No. 12/2012-CE dated the 17th March 2012 refers]

Chapter 86

No Change

Chapter 87

87.1. The excise duty applicable to chassis falling under heading 8706 is being revised. [S.No. 290, 291, 292 of Notification No. 12/2012-CE dated the 17th March 2012 and clause 141 read with the Seventh schedule refers]

87.2. Excise duty on petrol/LPG or CNG driven cars, with length not exceeding 4000mm and engine capacity not exceeding 1200 cc is being increased from 10% to 12% and on diesel driven vehicles having length not exceeding 4000mm and

engine capacity not exceeding 1500 cc from 10% to 12%. [S.No. 285 of Notification No.12/2012-CE dated the 17th March 2012 refers]

87.3. Excise duty on petrol driven cars with length exceeding 4000mm and engine capacity under 1200 cc is being increased from 22% to 24% and on petrol driven vehicles having length exceeding 4000mm and engine capacity exceeding 1500 cc from 22% + Rs.15,000 to 27% [S.No. 284 of Notification No. 12/2012-CE dated the 17th March 2012 and clause 141 read with the Seventh schedule refers]

87.4. Excise duty on diesel driven cars with length exceeding 4000mm and engine capacity under 1500 cc is being increased from 22% to 24% and on diesel driven vehicles having length exceeding 4000mm and engine capacity exceeding 1500 cc from 22% + Rs.15,000 to 27 [S.No. 284 of Notification No. 12/2012-CE dated the 17th March 2012 and clause 141 read with the Seventh schedule refers]

87.5. Excise duty on replacement batteries for supply to electric vehicle manufacturers who are registered with IREDA or any State Nodal Agency notified for the purpose by the Ministry of New & Renewable Energy for Central finance assistance (CFA) is being reduced from 10% to 6% till 31st March, 2013. [S.No. 260 of Notification No. 12/2012-CE dated the 17th March 2012 refers]

87.6. Excise duty on specified parts of hybrid vehicle is being reduced from 10% to 6%. [S.No. 297 of Notification No. 12/2012-CE dated the 17th March 2012 refers]

Chapter 88

Excise duty is fully exempted on parts and testing equipment for manufacture, repair and overhauling of aircraft falling under heading 8802. [S.No. 305 of Notification No. 12/2012-CE dated the 17th March 2012 refers]

Chapter 89

89.1. The current excise duty exemption to GTL 406 (foreign Going vessel) is being subject to condition that upon conversion to coastal vessel, excise duty would be payable equivalent to 1/120th of the total excise duty leviable on such vessel for each complete or part of the month spent on "coastal run", if such conversion is not on permanent basis. [S.No. 306 of Notification No.12 /2012-CE dated the 17th March 2012 refers]

Chapters 90

90.1. Excise Duty is being reduced to 6% on specified raw materials viz. Polypropylene, Stainless Steel Strip and Stainless Steel capillary tube for manufacture of syringe, needle, catheters, and cannulae on actual user basis. [S.No. 342 of Notification No.12 /2012-CE dated the 17th March 2012 refers]

90.2. Excise Duty is being reduced to Nil on specified raw materials viz. stainless steel tube and wire, cobalt chromium tube, Hayness Alloy-25 and polypropylene mesh required for manufacture of Coronary stents/ coronary stent system and artificial heart valve on actual user basis. [S.No. 343 of Notification No.12/2012-CE dated the 17th March 2012 refers]

90.3. Excise Duty is being reduced to 6% on parts of Blood Pressure Monitors and Blood glucose monitoring systems (Gluco-meters) on actual user basis. [S.No.344 of Notification No. 12/2012-CE dated the 17th March 2012 refers]

90.4. The exemption to "intraocular lens? is being restored.

Chapters 91 to 93

No Change

Chapters 94

94.1. Central Excise duty is being reduced to 6% on LED Lamps. LEDs required for manufacturing of such lamps will also attract excise duty @ 6% [S.Nos. 271 and 321 of Notification No. 12/2012-CE dated the 17th March 2012 refers].

Chapters 95

No Change

Chapters 96

96.1. Refills and inks in bulk packs (not meant for retail sale) used for manufacture of pens of value not exceeding Rs. 200 per piece is being fully exempted from excise duty. [S.No. 325 of Notification No.12/2012-CE dated the 17th March 2012 refers]

CUSTOM

Customs Act, 1962 (Amendments are effective only after assent by President to the Finance Act)

Section	Type of Amendment	Summary of Changes	Author's Analysis
Section 2 (10)	Definition of "Customs Airport" amended.	And includes a place appointed under Clause (aa) of that section to be an air freight station.	Air Freight Station has been included in the part of definition of "Customs Airport". This will be in line with Customs Freight Station / ICD.
Section 7 (1) (aa)	Appointment of Customs Port & Airports etc. Amended.	Now includes air freight stations.	Amendment in view of Section 2 (10) empowering the CBEC to appoint Air Freight Stations for loading and unloading of cargos as in the case of CFS/ICD.
Section 28AA	Section 28AAA inserted to recovery of duty & interest in certain special cases other than from the importers.	Special provision is inserted to recover the duty & interest from the person whom an instrument is issued or obtained by him by means of collusion, wilful misstatement and suppression of facts. If such person fails to pay the duty, Provision of Section 142 (1) to be invoked (Refund, Detention & Sale of Movable or Immovable Property, Arrears of Land Revenue].	Henceforth if any duty of customs is paid through instruments [Licences, Scrips Authorisations, Certificates or such other Documents under FTP] obtained from other person than the importer who has obtained such instruments by means of collusion, wilful misstatement or suppression of fact, recovery of duty & interest can be made from such person.
Section 28BA	Amendment in Provisional Attachment to protect revenue.	Provisional Attachment of any property belonging to the person under Section 28AAA.	Amendment in view of Section 28AAA
Section 28BA	Amendment in serving notice to include Section 28AAA.	Serving Notice under Section 28AAA is required.	Amendment in view of Section 28AAA
Section 47	Power given to Government for deciding the class or classes of importers to make customs duty payment electronically.	Provided that the Central Government may by Notification in Official Gazette specify the class or classes of importers who shall pay such duty electronically.	Henceforth the customs duty can be paid electronically by the specified importers.
Section 75A	Rate of Interest on Drawback with retrospective from 08/04/2011 under Section 28AA.	To give effect of merging of Section 28AB and Section 28AA done in Finance Act, 2011, Section 75A is amended to substitute the reference of Section 28AB with Section 28AA retrospectively.	Changes which should have been done in the last Finance Act are now being corrected with retrospective effect.
Section 104 (3)	Power of the Officer of Customs for release of arrested person on bail or otherwise amended.	Such power of releasing the arrested person on bail or otherwise is now restricted other than an offence punishable for a term of imprisonment of three years or more under Section 135.	Power of Customs Officer for release arrested person on bail or otherwise is restricted and now bail has to be granted by the Magistrate.
Section 104 (4)	Amendment in making certain offence non-bailable in view of Section 104(3).	All the offences (other than an offence punishable for a term of imprisonment of three years or more under Section 135) are now bailable.	Offence under Section 135 is now non-bailable where imprisonment is more than three years. This is to negate Supreme Court Judgement that Excise & Customs Offences are bailable.
Section 104 (5)	Amendment in making offences non-cognizable in view of Section 104(3).	All the offences (other than an offence punishable for a term of imprisonment of three years or more under Section 135) are now non-cognizable.	Offences other than Offence where imprisonment is more than three years is now non-cognizable and hence bailable.
Section 104 (6)	Amendment in making an offence punishable for a term of imprisonment of three years or more under Section 135 cognizable.	An offence punishable for a term of imprisonment of three years or more under Section 135 is now cognizable.	Offence where imprisonment is more than three years under Section 135 is now cognizable.
Section 104A	New Section 104A inserted to provide bail for cognizable offence punishable for imprisonment of three years or more under Section 135.	Subject to Code Criminal Procedure, 1973, the release on bail or on his own bond unless:- (1) i) Public Prosecutor is given an opportunity to oppose the application for release. ii) If Public Prosecutor opposes, the Magistrate is satisfied that there are reasonable ground for believing that he is not guilty of such offence and that he is not likely to commit any offence while on bail provided that if such person is under 18 years of age or is a woman or is sick or infirm may be released on bail if Magistrate so directs. 2) No Police Officer can investigate into an Offence under Section 135 where imprisonment is more than three years unless specifically authorised by the Central Government by a general or special order.	Procedure for obtaining release of person on bail or otherwise prescribed for cognizable offence under Section 135.

Section	Type of Amendment	Summary of Changes	Author's Analysis
Section 122	Amendment to enhance monetary limits for adjudication of cases involving confiscation of goods & imposition of penalty.	Monetary limits for AC/DC of Customs is enhanced from "Two Lacs" to "Five Lacs" [value of the goods] Monetary limits for Gazetted Officer lower the rank of AC/DC of Customs is enhanced from "Rs.10,000/-" to "Rs. 50,000/-".	Monetary limits increased for adjudication of cases [Confiscation & Penalty].
Section 138	Amendment in cognizable offence under Section 135 not to be tried summarily.	All the offences (other than an offence punishable for a term of imprisonment of three years or more under Section 135) may be tried summarily by a Magistrate.	Cognizable Offence cannot be tried summarily by a Magistrate and it has to be Summons or Warrant Case Trial.
Section 153	Amendment in sending Order, Decision, Summons or Notice by courier.	Sending the Order, Decision, Summons or Notice by courier as approved by the Commissioner of Customs is allowed over and above "by registered post".	To reduce the time of serving documents by the Department. Earlier serving notice, order etc. was only through Registered Post (RPAD).
Section 25	Amendment in the notification issued under Section 25 (1) of Customs Act, 1962 (retrospective amendment)	Exemption from Additional Duty of Customs is being provided retrospectively to "foreign going vessels" for the period from 1st March 2011 to 16th March 2012.	If such Additional Duty is paid on foreign going vessels by any importers during the said period, they need to apply for refund within the time limit as given in the Act. From 17th March 2012, it is payables till any exemption is granted.

Customs Tariff Act, 1975

Section	Type of Amendment	Provision	Impact of Provision
Section 8C (5)	Amendment in First Proviso to Section 8C(5) under Transitional product Specific Safeguard Mechanism under Chinese Accession Protocol signed with WTO in 2001.	Continuation of Safeguard Duty even if domestic industry has not taken measures to adjust to such disruption.	Safeguard Duty to continue on specified Chinese Goods beyond 10 years even when domestic industry has not taken any measures to adjust disruption.
First Schedule	Amendment is done as follows: (i) revise the length of the lowest slab of both filter and non-filter cigarettes of length not exceeding 60 millimetres or exceeding 60 millimetres to length exceeding 65 millimetres or not exceeding 65 millimetres respectively. (ii) revise the description of Tariff items 2601 11 10 to 2601 11 90 dealing with iron ore and concentrates based on Fe content. (iii) insert Note 13 in Chapter 48 to provide that notwithstanding anything contained in Note 12, if the paper and paper products of heading 4811, 4816 and 4820 are printed with any character, name, logo, motif or format they shall remain classified under Chapter 48 as long as such products are intended to be used for further printing. This would prevent classification disputes. (iv) align the entries relating to copper scrap, brass scrap, nickel scrap, aluminium scrap, lead scrap and zinc scrap with the revised ISRI classification. (v) enhance the rate of basic customs duty on bicycles from 10% to 30% and on parts of bicycles from 10% to 20%. [Effective immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931]		
Second Schedule	Amended to enhance the rate of Export Duty on Chromium Ore from Rs. 3000/- per tonne to 30% ad valorem. [Effective immediately owing to a declaration under the Provisional Collection of Taxes Act, 1931]		

Other Changes in Customs through Notifications

A. General

- 1) The method of computation of Education Cess and Secondary & Higher Education cess on imported goods is being simplified. Currently, these cesses are first charged on the CVD portion of customs duty and thereafter on the aggregate of customs duties (excluding special CVD). The portion of cesses leviable on the CVD portion of customs duty is being exempted so as to avoid computation of such cesses twice. [Notification No. 13/2012 Cus & No. 14/2012 Cus]

	Earlier Standard Rate of Duty	Earlier Provision	Earlier Standard Rate of Duty	New Provision
Assessable Value Rs.		100.00		100
Basic Customs Duty (BCD)	10%	10.00	10%	10
Countervailing Duty (CVD)	10%	11.00	12%	12
Ed. Cess on CVD	2%	0.22	0%	0
HASEC on CVD	1%	0.11	0%	0
Sub-Total		21.33		
Ed. Cess on BCD	2%	0.43	2%	0.46
HASEC on BCD	1%	0.21	1%	0.23
SAD	4%	4.88	4%	4.96
Total Customs Duty		26.85		28.85

Customs Notifications (Non-Tariff)

S.No.	Provision / Rules	Notification No.	Earlier Provision	New Provision	Effective Date	Comments
1	Amendment in Not. 16/2011 Customs (N.T.)	Not. No. 20/2012-Customs (N.T.)	"Filter rod" used for manufacture of filter cigarette will be allowed to be imported only if following procedures under Customs (Import of goods at concessional rate of duty for manufacture of excisable goods) Rules, 1996.	The following shall be substituted, namely "Filter rod of a kind used in the manufacture of cigarettes or bidis"	17/03/2012	Filter rod is now allowed in Bidis also.
			manufacture of filter cigarette	"Filter cigarettes or bidis".		
2	Baggage Rules, 1998 (Duty free allowances and entitlements)	Not. No.21/2012-Customs (N.T.)	Passenger returning from countries other than Nepal, Bhutan, Myanmar or China, duty free clearance of goods allowed as follows: (a) All passengers of and above 10 years of age if stay abroad for more than 3 days up to Rs. 25,000/-. (a) All passengers of and above 10 years of age if stay abroad up to 3 days Rs.12,000/-.	Passenger returning from countries other than Nepal, Bhutan, Myanmar or China, duty free clearance of goods allowed as follows: (a) Rs. 35,000/- (b) Rs. 15,000/-	17/03/2012	The value limits of goods carried in baggage for free clearance are increased.
3	Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996	Not. No.22/2012-Customs (N.T.)	Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996 Application for import of goods for requirement of goods estimated for a quarter [Rule 4(1A)] "for a quarter" has been amended in line with the Rule 4(1A). [Rule 5 Proviso] Maintain a simple account indicating the quantity and value of goods imported, the quantity of imported goods consumed for the intended purpose, and the quantity remaining in stock, bill of entry wise and shall produce the said account as and when required by the Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise. [Rule7(b)(i)] submit a monthly return, in the format prescribed in the Annexure appended to these rules, to the Assistant Commissioner or Deputy Commissioner of Central Excise by the tenth day of the following month" [Rule 7(c)] No such provision earlier.	Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Amendment Rules, 2012 Application for import of goods for requirement of goods estimated for not exceeding one year [Rule 4(1A)] "for a period not exceeding one year" has been amended in line with the Rule 4(1A). [Rule 5 Proviso] Maintain an account in such manner as to clearly indicate the quantity and value of goods imported, the quantity of imported goods consumed for the intended purpose, the quantity of goods re-exported, if any, under rule 7A and the quantity remaining in stock, bill of entry wise and shall produce the said account as and when required by the Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise. submit a quarterly return, in the format prescribed in the Annexure appended to these rules, to the Assistant Commissioner or Deputy Commissioner of Central Excise by the tenth day of the following quarter" New Rule 7A inserted. Re-export of unutilised goods- The manufacturer obtaining the benefit under these rules may re-export the unutilised or defective imported goods, with the permission of the jurisdictional Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise within six months from the date of import: Provided that the values of such goods for re-export shall not be less than the value of the said goods at the time of import."	17/03/2012 17/03/2012 17/03/2012 17/03/2012 17/03/2012 17/03/012	Change in name of the Rules. Time limit for period is increased from 3 months to one year. Brought in line with Rule 4(1A). Additional details of quantity of goods re-exported also to be furnished. Change from Monthly Return to Quarterly Return. Relief to importers from the duty to be paid on unutilised or defective goods. Brought in line with new Rule 7A inserted.
			that the goods imported are used by the manufacturer for the intended purpose" [Rule 8]	that the goods imported are used by the manufacturer for the intended purpose or are re-exported in terms of rule 7A.	17/03/012	Brought in line with new Rule 7A inserted.

Customs Notifications (Tariff)

S.No.	Existing Notification	Latest Notification	Tariff Heading	Description of Products	Existing	New	Effective Date	Comments
AGRICULTURE / AGRO PROCESSING / PLANTATION SECTOR								
1	21/2002 Cus dated 01/3/2002 (S.No. 613)	12/2012	84	Basic customs duty on sugarcane planter, root or tuber crop harvesting machine and rotary tiller & weeder, parts & components for their manufacture. [S.No. 399]	7.5%	2.5%	17/03/12	Reduction in BCD
2	21/2002 Cus dated 01/3/2002 (S.No. 602)	12/2012	98	Project import status is available to installation of Mechanized Handling Systems & Pallet Racking Systems in mandis or warehouses for food grains and sugar, with concessional rate of basic customs duty of 5%. Such systems are also exempt from additional duty of customs (CVD) and special additional duty of customs (SAD). The same dispensation [i.e. 5% BCD + Nil CVD + Nil SAD] is also being extended to such systems for horticultural produce. [S. No. 515]	2.5%	5%	17/03/12	Increase in BCD.
3	48/1996 Cus dated 23/7/1996	17/2012	98	Project imports status is being granted to the green houses set up for protected cultivation of horticulture and floriculture produce. As such, these projects would attract concessional rate of basic customs duty of 5%.	7.5%	5%	17/03/12	Reduction in BCD.
4	–	–	84	Specified coffee plantation and processing machinery. [S. No. 384]	10%/7.5%	5%	17/03/12	Reduction in BCD.
5	–	–	84	Coffee brewing and vending machines (commercial type) upto 31/03/2014. [S.No. 385]	10%	5%	17/03/12	Reduction in BCD.
6	–	–	84	Parts required for manufacture of such coffee vending and brewing machines.	10%	2.5%	17/03/12	Reduction in BCD.
7	35/2011 Cus dated 15/4/2011	12/2012	31	Specified soluble fertilizers and liquid fertilizers, other than urea [S.No. 202]	7.5% 5%	5% 2.5%	17/03/12	Reduction in BCD.
AUTOMOBILES								
8	21/2002 Cus dated 01/3/2002 (S.No. 345)	12/2012	8711	Completely Built Units (CBUs) of large cars / MUVs / SUVs permitted for import without type approval (value exceeding US\$40,000 and engine capacity exceeding 3000cc for petrol and 2500cc for diesel) [S.No. 437]	60%	75%	17/03/12	Increase in BCD.
METALS								
9	–	12/2012	32099090	Coating material for manufacture of electrical steel [S.No. 212]	10%	5%	17/03/12	Reduction in BCD
10	–	12/2012	2841	Ammonium meta-vanadate used in the manufacture of ferro-vanadium [S.No. 162]	7.5%	2.5%	17/03/12	Reduction in BCD
11	–	12/2012	2825	Nickel oxide/ hydroxide and nickel ore / concentrate [S.No. 161]	–	0%	17/03/12	Reduction in BCD
12	20/2006 Cus dated 01/3/2006	21/2012	7225 / 7226	CRGO steel is being restricted to prime quality of such steel other than seconds & defective. [S.No. 79]	0%	0%	17/03/12	Restriction in SAD
13	–	21/2012	72	Flat rolled products (HR and CR) of non-alloy steel	5%	7.5%	17/03/12	Increase in BCD.
PRECIOUS METALS								
14	03/2012 Cus dated 16/1/2012	12/2012	71	Standard gold bars and platinum bars [S.No. 321]	2%	4%	17/03/12	Increase in BCD.
15	02/2012 dated 16/01/2012	12/2012	71	Non-standard gold [S.No. 322]	5%	10%	17/03/12	Increase in BCD.
16	–	12/2012	71	Gold ore/concentrate and dore bars [S.No. 116]	1%	2%	17/03/12	Increase in CVD.
17	21/2002 Cus dated 1/3/2002 (S.No. 184)	12/2012	71	Cut and polished coloured gemstones.	0%	2%	17/03/12	Increase in CVD.

S.No.	Existing Notification	Latest Notification	Tariff Heading	Description of Products	Existing	New	Effective Date	Comments
CAPITAL GOODS / INFRASTRUCTURE								
18	–	12/2012	9801	Capital goods, plant and equipment imported for setting up or substantial expansion of iron ore pellet plants or iron ore beneficiation plants [S. No. 506]	7.5%	2.5%	17/03/12	Reduction in BCD
19	21/2002 Cus dated 01/3/2002 (S.No. 399)	12/2012	9801	Initial setting up and substantial expansion of fertilizer projects. [S.No. 506] [Valid upto 31/03/2015]	2.5%	0%	17/03/12	Reduction in BCD
20	21/2002 Cus dated 1/3/2002 (S.No. 70)	12/2012	27011900	Steam coal. [S.No. 123] [Valid upto 31/03/2014]	2.5%	0%	17/03/12	Reduction in BCD
21	21/2002 Cus dated 1/3/2002 (S.No. 77)	12/2012	27111100	Natural Gas / Liquefied Natural Gas imported for power generation by a power generation company. [S.No. 139]	5%	0%	17/03/12	Reduction in BCD
22	21/2002 Cus dated 01/3/2002 (S.No. 87)	12/2012	28442000	Uranium concentrate, sintered natural uranium dioxide, sintered uranium dioxide pellets for generation of nuclear power. [S.No. 163]	%	%	17/03/12	Reduction in BCD
23	21/2002 Cus dated 1/3/2002 (S.No.230&238)	12/2012	8705/34/27	Material & Equipments imported for road construction projects awarded by Metropolitan Development Authorities. [S.No. 144]	0%	0%	17/03/12	Reduction in BCD
24	21/2002 Cus dated 1/3/2002 (S.No. 400)	12/2012	84	Exemption available to Tunnel boring machines for hydel and road projects is being extended to all infrastructure projects. [S.No. 397]	7.5%	0%	17/03/12	Reduction in BCD
25	21/2002 Cus dated 01/3/2002 (S.No. 238)	12/2012	84	BCD Exemption given to Specified road construction equipment is now being extended to tunnel excavation and specified lining equipment also.	7.5%	0%	17/03/12	Reduction in BCD
26	21/2002 Cus dated 01/3/2002 (S.No. 399)	12/2012	9801	Coal mining projects. [S.No. 506]	5%	0%	17/03/12	Reduction in BCD
27	–	12/2012	90 or Any Chapter	Machinery and instruments for surveying and prospecting of mines [S.No. 489]	10%/7.5%	2.5%	17/03/12	Reduction in BCD
28	–	12/2012	86	Train protection and warning system [S.No. 435]	10%	7.5%	17/03/12	Reduction in BCD
29	–	12/2012	8604	Track machines & parts [S.No. 436]	10%	7.5%	17/03/12	Reduction in BCD
AIRCRAFTS & SHIPS								
30	21/2002 Cus dated 01/3/2002 (S.No. 148)	12/2012	40	New or retreaded Pneumatic tyres of rubber of a kind used in aircrafts of heading 8802. [S.No. 249]	2.5%	0%	17/03/12	Reduction in BCD
31	–	12/2012	88	Parts and testing equipment, for maintenance repair, and overhauling (MRO) of aircraft falling under heading 8802, by the units engaged in such activities	10%	0%	17/03/12	Reduction in BCD
32	19/2012	12/2012	8901	Foreign going vessel [S.No. 462]	10%	0%	17/03/12	Reduction in BCD
ENVIRONMENT PROTECTION								
33	20/2006 Cus	21/2012	Any Chapter	SAD is exempted to Solar thermal projects	4%	0%	17/03/12	Reduction in SAD
34	21/2002 Cus dated 01/3/2002 (S.No. 224)	12/2012	84	Raw materials for the manufacture of intermediates, parts and sub-parts of blades for rotors for wind energy generators. [S.No. 362]	2.5%	5%	17/03/12	Reduction in BCD
35	–	12/2012	32	Tri-band phosphor for use in the manufacture of Compact Fluorescent Lamps [S. No. 209]	7.5%	0%	17/03/12	Reduction in BCD
36	–	12/2012	Any Chapter	Lithium ion batteries for the manufacture of battery packs for supply to electric or hybrid vehicle manufacturers	7.5%	0%	17/03/12	Reduction in BCD

S.No.	Existing Notification	Latest Notification	Tariff Heading	Description of Products	Existing	New	Effective Date	Comments
HEALTH								
37	–	12/2012	28012000	28012000 Iodine. [S.No. 156]	5%	2.5%	17/03/12	Reduction in BCD
38	21/2002 Cus dated 01/3/2002 (S.No. 122)	12/2012	3504	Isolated soya protein and soya protein concentrate [S. No. 216]	15% / 30%	10%	17/03/12	Reduction in BCD
39	–	12/2012	30029030	Probiotics. [S.No. 195]	10%	5%	17/03/12	Reduction in BCD
40	–	12/2012	Any Chapter	Specified raw materials for the manufacture of syringes, needles, catheters, cannulae subject to actual user condition. [S.No. 475]	15%	2.5%	17/03/12	Reduction in BCD
41	21/2002 Cus dated 01/3/2002 (S.No. 364)	12/2012	Any Chapter	Parts and components for the manufacture of blood pressure monitors and blood glucose monitoring systems (Gluco-meters). [S.No. 477]	10%	2.5%	17/03/12	Reduction in BCD
42	–	12/2012	Any Chapter	Steel tube & wire, cobalt chromium tube, Hayness Alloy-25 and polypropylene mesh for the manufacture of coronary stents/coronary stent systems and artificial heart valves subject to actual user condition. [S.No. 476]	10%	0%	17/03/12	Reduction in BCD
TEXTILES								
43	–	12/2012	8446	New shuttleless looms, alongwith parts and components for their manufacture. [S.No. 406]	7.5%	0%	17/03/12	Reduction in BCD
44	21/2002 Cus dated 01/3/2002 (S.No. 252)	12/2012	84	New automatic silk-reeling and processing machinery and raw silk testing equipments. [S.No. 383]	2.5%	0%	17/03/12	Reduction in BCD
45	21/2002 Cus dated 01/3/2002 (S.No. 250)	12/2012	84	New textiles machinery. Old textile machinery not allowed. [S.No. 381]	7.5%	5%	17/03/12	Reduction in BCD
46	–	12/2012	5103/5105	Wool waste and wool tops. [S.No. 279 & 281]	10%	5%	17/03/12	Reduction in BCD
47	–	12/2012	–	Titanium dioxide [S.No. 300]	10%	7.5%	17/03/12	Reduction in BCD
48	–	11/2012	28, 29, 32, 39, 54, 56, 70, 72 or 90	Aramid yarn and fabric when used in the manufacture of bullet proof helmets for supply to defence and police.	5%	0%	17/03/12	Reduction in BCD
ELECTRONIC HARDWARE								
49	21/2002 Cus dated 01/3/2002 (S.No.323&324)	12/2012	8529	LCD and LED TV panels of 20 inches and above. [S.No. 432]	10% / 15%	0%	17/03/12	Reduction in BCD
50	–	12/2012	Any	Parts of memory cards of cellphones [S.No. 431]	10%	0%	17/03/12	Reduction in BCD
EXPORT PROMOTION								
51	–	12/2012	84	Marine seawater pumps with fibre impellers and Automatic fish / prawn feeders for aquaculture. [S.No. 348]	7.5%	5%	17/03/12	Reduction in BCD
52	–	12/2012	05119911	Artemia. [S.No. 15]	30%	5%	17/03/12	Reduction in BCD
PAPER								
53	–	12/2012	4707	Waste paper. [S.No. 262]	5%	0%	17/03/12	Reduction in BCD
MISCELLANEOUS								
54	25/2005 Cus dated 01/3/2005	15/2012	85258020	Digital Still Cameras other than not capable of recording video with minimum resolution of 800x600 pixels @ minimum 23 frames per seconds for at least 30 minutes in a single sequence using maximum storage.	0%	10%	17/03/12	Reduction in BCD

S.No.	Existing Notification	Latest Notification	Tariff Heading	Description of Products	Existing	New	Effective Date	Comments
55	–	12/2012	2528	Boric acid.	5%	7.5%	17/03/12	Increase in BCD
56	–	12/2012	73	Boiler quality tubes and pipes for the manufacture of boilers. [S.No. 335]	10%	7.5%	17/03/12	Reduction in BCD
57	–	12/2012	5603	Hydrophilic non-woven, hydrophobic non-woven and super absorbent polymer for manufacture of adult diapers. [S.No. 295]	10%	5%	17/03/12	Reduction in BCD
58	–	16/2012	71,74 & 85	Copper, brass and phosphor bronze strips and similar items imported for the manufacture of connectors is being withdrawn.	5%	10%	17/03/12	Increase in BCD
59	–	17/2012	98	Following two projects added in Project Imports: 1. Project for the installation of mechanised handling system & pallet racking system in mandis and warehouses for horticulture produce. 2. Green House set-up for protected cultivation of horticulture and floriculture produce.	7.5%	5%	17/03/12	Reduction in BCD
60	–	18/2012	98	The above two Project Imports have been added at Sr. No. 3G & 3I of the Project Import Amendment Regulations, 2012.	–	–	17/03/12	–
61	–	19/2012	89051000	Dredgers	7.5%	0%	17/03/12	Reduction in BCD
62	–	15/2012	Any Chapter	Poly-laminated aluminium tape and poly-laminated steel tape presently exempt if imported for the manufacture of cables and conductors for telecom use is also being withdrawn.	0%	10%	17/03/12	Increase in BCD

Special Additional Duty:

- Notification Nos. 20/2006-Customs dated 1.3.2006 and 29/2010-Customs dated 27.2.2010 are being superceded by notification no.21/2012-Customs dated 17.3.2012 which prescribes the effective rates of SAD.
- Brass scrap, wood in the rough, dredgers and equipments for setting up of solar thermal projects are being fully exempted from SAD.
- The existing exemption from special additional duty of customs (SAD) currently available to CRGO steel is being restricted to prime quality of such steel.
- A condition is being inserted in Notification No. 21/2012-Customs dated 17th March, 2012 requiring the importer of specified goods to declare the State of destination where the goods are intended to be sold for the first time after import and the VAT registration number. This condition would apply to such goods imported on or after 1st May 2012.
- As mentioned above, CENVAT Credit Rules are being amended to permit transfer of unutilized credit of SAD lying in balance at the end of each quarter to other registered premises of the same manufacturer. This change would come into effect from 1.4.2012. [Notification No.21/2012 -CE (NT) dated 17th March, 2012 refers]

Annexure A - Not 18 - Refund of Cenvat Credit

5. For rule 5 of the said rules, the following rule shall be substituted, namely:

5. Refund of CENVAT Credit. - (1) A manufacturer who clears a final product or an intermediate product for export without payment of duty under bond or letter of undertaking, or a service provider who provides an output service which is exported without payment of service tax, shall be allowed refund of CENVAT credit as determined by the following formula subject to procedure, safeguards, conditions and limitations, as may be specified by the Board by notification in the Official Gazette:

Refund amount = (Export turnover of goods + Export turnover of services) x Net CENVAT credit

Total turnover Where, -

- Refund amount means the maximum refund that is admissible;
- Net CENVAT credit means total CENVAT credit availed on inputs and input services by the manufacturer or the output service provider reduced by the amount reversed in terms of sub-rule (5C) of rule 3, during the relevant period;
- Export turnover of goods means the value of final products and intermediate products cleared during the relevant period and exported without payment of Central Excise duty under bond or letter of undertaking;
- Export turnover of services means the value of the export service calculated in the following manner, namely:-
Export turnover of services = payments received during the relevant period for export services + export services whose provision has been completed for which payment had been received in advance in any period prior to the

relevant period - advances received for export services for which the provision of service has not been completed during the relevant period;

- Total turnover means sum total of the value of - (a) all excisable goods cleared during the relevant period including exempted goods, dutiable goods and excisable goods exported; (b) export turnover of services determined in terms of clause (D) of sub-rule (1) above and the value of all other services, during the relevant period; and (c) all inputs removed as such under sub-rule (5) of rule 3 against an invoice, during the period for which the claim is filed. (2) This rule shall apply to exports made on or after the 1st April, 2012:

Provided that the refund may be claimed under this rule, as existing, prior to the commencement of the CENVAT Credit (Third Amendment) Rules, 2012, within a period of one year from such commencement: Provided further that no refund of credit shall be allowed if the manufacturer or provider of output service avails of draw back allowed under the Customs and Central Excise Duties and Service Tax Draw back Rules, 1995, or claims rebate of duty under the Central Excise Rules, 2002, in respect of such duty; or claims rebate of service tax under the Export of Services Rules, 2005 in respect of such tax.

Explanation 1 - For the purposes of this rule- (1) export service means a service which is provided as per the provisions of Export of Services Rules, 2005, whether the payment is received or not; (2) relevant period means the period for which the claim is filed.

Explanation 2 - For the purposes of this rule, the value of services, shall be determined in the same manner as the value for the purposes of sub-rule (3) and (3A) of rule 6 is determined

CHAPTER NEWS

AURANGABAD

A Half day seminar on Union Budget - 2012

A half-day seminar on Union Budget - 2012 - Critical analysis of Tax Changes organized by Aurangabad Chapter of Cost Accountants in association with CMIA on 21st March, 2012 at Marathwada Mahsul Prabodhini.

CMA Dnyanesh Darbi Chairman of ACCA & President of CMIA Mr Mukund Kulkarni welcomed the Guest & Speakers. Industrialist Mr Arvind Macchar briefed about the Theme of the programme. CMA Rajesh Shukla & CMA Bisheshwar Sen introduced the Speakers to the audience.

The Experts CMA S. R. Bhargave (CCM-ICAI), CMA Narhar Nimkar (Director, G M Consultancy & Services Pvt Ltd), CA Dinesh Supekar & CA Sandeep Mukherjee (Partner PWC Pvt Ltd) were the Chief faculties. The Quarterly Bulletin of Aurangabad Chapter "Spandan" was also released by the auspicious hands of CMA S.R. Bhargave, Central Council Member, ICAI, Kolkata.

CMA Sanjay Bhargave had taken the review of the changes in Service Tax, while CMA Narhar Nimkar explained the various changes in Central Excise. CA Dinesh Supekar given the detail information of Transfer Pricing, Tax Avoidance & Tax exclusion. He has also guided about the new rules/regulations of GAAR (General Anti Avoidance Rules), these changes are parallel to the DTC. CA Sandeep Mukherjee guided on the Corporate Taxation.

CMA Rajesh Shukla summing up the session. CMA Rajesh Goud co-ordinated the proceedings of the seminar & CMA Namdeo Kuyate proposed vote of thanks.

The Seminar was sponsored by Pushpak Overseas & Tourism, TJSB Bank, Vishwakarma Co-op Bank & Jalgaon Janta Sahkari Bank Ltd. More than 200 participants have taken the benefit of this Seminar and received appreciation for the Chapter.

JABALPUR

Investor Awareness Program

Ministry of Corporate affairs (MCA) Govt. of India under the aegis of investor education & protection fund in partnership with ICAI Jabalpur chapter organized an awareness conference for the investor on 3rd of March 2012 at St. Aloysius College Jabalpur.

Station Commander Bridg. C M Rodrigues was the Chief Guest and Principal, St. Aloysius College Jabalpur Dr. (Fr.) Davis George was the Chairman of the program. Welcome Address was given by Chairman CMA Anil Gupta & Details of the program was informed by CMA Tapan Badkul. Secretary ICAI Jabalpur Chapter CMA Tapan Badkul has organized press conference on 2nd of March 2012 which was well received.

Bridg. C M Rodrigues throw light on importance of financial Discipline. Dr. Fr. Davis George told the by small savings we can make a better India. Mr. Ajay Jain Director Swaraj Money was the key speaker for the Technical Sessions. The program is Co hosted by the St. Aloysius College Jabalpur (ROCC). Vote of thanks was proposed by Vice Chairman Ms Madhu Agarwal.

KONKAN

Report on Inauguration of Oral Training Centre at Ratnagiri

The ICAI - Konkan Chapter's First ever Oral Training centre was Inaugurated by Prin Dr Subhash Deo of Gogate Jogalekar College Ratnagiri on Sunday

the 25th March 2012 in the gracious presence of Adv Vilas Patane - Chairman Ratnagiri Education Society, Mr. Deepak Gadre - Noted Industrialist & Exporter of the region, Former President of The ICAI CMA Dhananjay V Joshi, Central Council Member of The ICAI CMA Amit A Apte, CMA Neeraj D Joshi Hon Treasurer and Chairman Students Chapter coordination committee of The ICAI - WIRC CMA R H Kelkar, senior most member of the Konkan Chapter.. Prof CMA Makarand Sakhalkar Welcomed the dignitaries on dais.

Speaking on the occasion, Prin. Dr. Subhash Deo expressed thanks and satisfaction that after inaugurating the Student facilitation centre in January 2010, a MoU was signed in April 2010. this has resulted in two major events in a span of two years viz. UGC Sponsored Two day International seminar on IFRS in November 2010 and now starting a oral training center for the benefit of students in Konkan Region. He assured whole hearted support to the centre. Mr. Deepak Gadre noted Industrialist who has been supporting the professional activity since beginning assured his continued patronage for development of students.

CMA Neeraj Joshi speaking on behalf of The ICAI - WIRC welcomed the spreading of professional presence to Konkan Region and assured all the required support from The ICAI - WIRC and on his personal behalf for successful functioning of the Training Centre. He assured the students to address their difficulties relating to need for relocation to complete Computer Training requirements of the curriculum by making the facility available locally.

CMA Amit Apte, speaking on the occasion assured all support in personal capacity and also from the Central Council of The ICAI. Addressing the gathering he emphasized the need for rural students to develop their language and soft skills for success in the world that is opening up for them. While appreciating the importance of mother tongue he emphasized with illustrations the need for students to acquired reasonable command over English language and develop the same through practice. While mentioning that the CMA course is tough, he advised students to concentrate on their Goal through regular and continuous efforts by turning a deaf ear to the sound of words "CMA is a difficult course, very hard to crack". Do not permit these words to impregnate in your mind, concentrate and make regular efforts - Success will be yours.

Former President of the ICAI, CMA D V Joshi while blessing the gathering gave words of guidance and encouragement. He also assured all possible support for the activities of the Training Centre on his behalf and on behalf of the profession at large.

CMA Anand Shembekar, Hon Secretary of the Chapter proposed vote of thanks.

A press meet was also addressed on the eve of the inauguration function. The same was well reported In the local press. Coverage included all details.

Career Guidance Lecture at Ratnagiri

A Career Guidance Lecture was organized on Sunday 25th March at Ratnagiri. CMA Neeraj Joshi and CMA Amit Apte gave the guidance lecture and explained in detail all aspects of curriculum, structure of the learning process, benefits and niche areas of the profession of Management Accountancy, areas for career in employment and in practice. His presentation was supplemented by inputs from CMA Amit Apte at various stages adding value based on his experience and exposure as Central Council Member. The audience of around 100 that was predominantly of students also included few parents and Professors from nearby colleges. Participants came from about 10 different

locations in addition to host town Ratnagiri. Principles of many Colleges in the region had intimated inability of their students to attend the lecture in view of ongoing examinations. They have requested for a similar session for the benefit of those students. The ICAI-Konkan Chapter has responded positively to the request and agreed to repeat the sessions in future.

NASHIK OJHAR

Nashik Ojhar Chapter has organized Seminar on Budgetary Changes jointly by Nashik Chapter of WIRC of ICSI on Tuesday, 20 March 2012. CMA Shilpa Parkhi has introduced the guest and speakers and coordinated the seminar. CMA Sanjay Bhargave, CCM have explained in brief the Budgetary Changes in Service Tax and CMA R K Deodhar, Vice Chairman of the Chapter have explained the changes w.r.t. Central Excise. Mr. Arun Sawant, CEO of BizsolIndia Services Pvt. Ltd., has explained the changes in Customs. The seminar was participative and more than 130 Industry Delegates had attended the seminar. CMA Mrs. Pradnya Chandorkar proposed vote of thanks.

NAVI MUMBAI

Chapter organized a seminar on the "Implication of Union Budget on Direct and Indirect Tax" on Sunday, the 25th March 2012. Mr. V. Narayanan, Managing Committee Member welcomed the audiences.

CMA Rajeeb Chatterjee explained the various provisions, related to Direct Tax, which have been proposed to be amended in the Union Budget. During the discussion, he also explained the various challenges, Industry may face while implementing some of the provisions.

CMA Amit Sarker, explained various changes, related to Indirect Tax, proposed by Finance Minister in the Union Budget 2012-13. Considering the impact of the Budget on Service Tax, various provisions with regard to Service Tax was discussed at length & critically.

The program ended with a vote of thanks given to the speakers by Mr. Pratyush Chattopadhyay, Chairman of the Professional Development Committee

PUNE

A) Full Day Seminar on New Mechanism of Cost Audit & Cost Records

The Government of India is continuously encouraging Indian Industry to be Cost Competitive to face the Global Competition. With this objective, rationalized, simplified and corporate friendly legislations are being introduced. The Ministry of Corporate Affairs has issued Notifications on The Companies (Cost Accounting Records) Rules 2011. The Companies (Cost Audit Report) Rules 2011 supersede the Cost Accounting Record Rules for 36 industries and Cost Audit Report Rules 2001. MCA has also issued orders consequential to the new notifications. These new rules and orders have totally transformed the Cost Audit Mechanism.

Taking this opportunity, Pune Chapter of Cost Accountants, organized a joint program with the Pune Chapter of ICSI on 3rd March 2012. The idea behind this program was to understand the scope of the Cost audit and directly to interact with the Cost Auditors for clearing of doubts.

Program was started with the Inauguration Function which was coordinated by CS Shilpa Dixit, Secretary Pune chapter of ICSI. CS Pawan Chandak, Chairman Pune chapter ICSI introduced the theme of the Program. CMA Dhananjay Joshi, Former President of ICAI delivered the Inauguration speech and CS Vivek Sadhale, Company Secretary & Head Legal & investor Relations, Persistent Systems Limited delivered the Key Note address. CMA Pramod Dube, Chairman of Pune Chapter Cost Accountants concluded the Inauguration function with the vote of thanks.

There after the full day seminar was conducted having in all 4 Technical sessions as below;

	Name of the Session	Name of faculty conducting the Session
1	Cost Accounting Record Rules - Applicability	CMA Sanjay Bhargave
	Cost Compliance Report Applicability of Cost Audit & Cost Audit Orders	CMA Amit Apte CMA Harshad Deshpande
2	CAS & GACAP	CMA Neeraj Joshi
	Cost Audit Report - Form I & II	CMA Neeraj Joshi
	Performance Appraisal Report	CMA Milind Date
3	Cost Audit Report para 1 to 10	CMA Milind Date
	Cost Audit Report para 11	CMA Harshad Deshpande
4.	Panel Discussion	All Faculties

The program was a big success and the Number of Participants were 125 consisting Members and students from the Institute of Company Secretaries of India and Institute of Cost Accountants of India.

B) Seminar at Solapur Unit of Pune Chapter

Pune Chapter of Cost Accountants - Solapur unit organised a seminar on C.S.R. ACTIVITIES -as a Tool for Strategic Management on 4th March 2012 at Solapur.

CMA Dr. N M Vechalekar - Past Chairman of WIRC, was invited as a speaker for this seminar. CMA Sunil Ingale, Chairman of Solapur Unit welcomed the Speaker and the participants. CMA Murli Iyengar introduced the Hon. Speaker and inaugurated the seminar.

CMA (Dr.) Vechalekar in his address first referred to the four principles mentioned by Chanakya in his book "Arthashastra" viz. Raksha, Vriddhi, Palan and Yogakshema and explained their meanings. He elaborated the concept of CSR and remarked that CSR is all about what business puts back in return for benefits it receives from society. CSR according to him is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of workforce and their families as well as of the local community and society at large. He further explained the scope of this concept by referring to few case studies on the topic. In his speech he also referred to various guidelines issued by MCA in this regard. He pointed out that the earlier emphasis on CSR as a charitable activity has totally undergone change. CSR is now viewed as a strategic tool for managing the businesses. At the end a video clipping of ethical management practices followed by Polyhedron Pvt. Ltd., Belgaum was shown.

The presentation was followed by a question and answer session. Members and students attended the programme in large number.

The session ended with a vote of thanks by CMA R.V. Kshirsagar.

C) Seminar on 'Overview of Revised Schedule VI of The Companies Act, 1956.

Pune Chapter of Cost Accountants organized a Seminar on 'Overview of Revised Schedule VI of The Companies Act, 1956' on 11th March 2012 in Pune. CMA Pramod Dube, Chairman of Pune Chapter welcomed the speaker CA Chandrashekhar Chitale well-known faculty & eminent Direct Tax Practitioner from Pune.

CMA Dhananjay V Joshi, Former President of ICAI, CMA Harshad Deshpande, Treasurer, PCCA, CMA Amit Shahane, Managing Committee Member, PCCA

were present for this programme. CMA Amit Shahane, Managing Committee Member, PCCA proposed vote of thanks.

D) Budget Seminar on Changes in Direct and Indirect Taxes

The Central Budget 2012-13 was presented in the Lok Sabha on 16th March 2012. Pune Chapter of Cost Accountants organized half day seminar on 19th March 2012 in Pune and on 22nd March 2012 at PCCA's Facilitation Center- Akurdi.

a) 19th March 2012 Seminar

Mr R Sekar, Commissioner (Appeals), Central Excise, Pune III was the Chief Guest for this seminar.

CMA Pramod Dube - Chairman Pune Chapter welcomed the Chief Guest, speakers and the participants. CMA Amit Shahane, Managing Committee Member, PCCA, introduced the Chief Guest and CMA Pramod Dube felicitated him by offering a bouquet and a memento.

The Chief Guest and other dignitaries on the dais lighted the traditional lamp as a mark of opening of the seminar.

Mr. R Sekar, Commissioner (Appeals), Central Excise, Pune III in his speech he narrated his experience while he was part of the budget process & how this budget process has been evolved over the years.

He thanked Pune Chapter of Cost Accountants for organizing such a seminar. He was very much impressed by the response to the seminar from practicing members and corporate world. CMA Dhananjay Joshi, Past President ICAI, gave a key note address touching upon the fiscal deficit & other related aspects of the budget.

This then followed with opening of the Technical session by CMA A. B. Nawal. He threw light on the changes in Customs Act. CA C V Chitale explained various changes in the area of Direct Tax CMA N. K. Nimkar highlighted on Excise Proposals & Central Council Member CMA Sanjay Bhargave on Service Tax.

The response to the seminar was overwhelming. Practicing and other members of the Institute and representatives from the corporate world attended the seminar in large number.

CMA Neelakshi Ketkar proposed vote of thanks.

b) 22nd March 2012 - Seminar at PCCA's Facilitation Center, Akurdi - Pune

Pimpri Chinchwad Akurdi Centre of Pune Chapter of Cost Accountants has conducted a seminar on "Budget Changes 2011-12" on 22.03.2012 from 5.30 to 9.30 p.m.

Mr. Rahul Chincholkar, Treasurer PCAC welcomed the audience and introduced in brief the object of Seminar.

Mr. Chetan Dike Introduced Chief Guest Mr. Suresh Ghotage, CFO Atlas Copco. Mr. Ghotage introduced the topic to the participants gathered from various industries in and around Pimpri Chinchwad area. He coined the term "Luke warm" response by the common man w.r.t. to Budgetary Changes & expressed his concerns about no interest being shown by a common man to such important event affecting their daily routine. He asked the fellow members of the ICAI to reach to the people and make them aware of the budgetary procedure and goals set up in five year plan to make the provision a REALITY.

After Lighting of the lamp at the auspicious hand of Chief Guest and distinguished dignitaries and Speakers the seminar started with key note address.

CMA D V Joshi in his key note address explained in brief about why the People should be interested in the budget and how the budget provisions

was a day to day matter of everybody's concern & not a onetime routine activity. He also narrated on how increase in Excise duty affects monthly saving of a common man. He further made the participants aware of budget deficit concept and how the yearly increasing budget deficit leads to uncontrollable expenses of Debt servicing & impact on Inflationary trends as a response to such huge budget losses. He also spoken about debt trap effect due to cumulative increase in Budget Deficit & Government's lending practices.

CMA Sanjay Bhargave in his lucid style explained the, Introduction of Negative List of service tax to widen service tax Net, Increase in Rate of Service tax from 10% to 20%, Provision relating to special audit & opportunities to cost Accountants due to introduction of these audits.

He cautioned the audience that it is practically impossible to deal with the numerous amendments in a limited time span of 45 minutes and requested the organizer to have a full day seminar only on service tax. He also bought out the provisions which are having retrospective effect.

CA Chandrasekhar Chitale in his speech on changes in income tax narrated that the government had given a meager tax concession in direct taxes and taken out much more by way of increase taxes on Indirect taxes making the day today services dearer.

CMA Manoj Behede in his technical session on changes in Customs made the participants aware of government's view point on levy of taxes on imports of Bicycles, Gold & Silver. He specifically explained the provisions of Section 135 under which offences are now cognisable and non-bailable & imprisonment is more than three years. He also explained the increase of Duty free allowances under baggage rules

CMA Nimkar in his technical session on Excise stressed on increase in Excise Duty percentage & concessions being given for imports of steels, textiles, medical devices, life Saving Drugs & exemption of Excise Duty on LCD & LED panels. He elaborated on Provision of Section 9A w.r.t. all offences under the Central Excise Act now deemed to be non cognizable within the meaning of Code of Criminal Procedure. CMA Sachin Gandhi gave a vote of thanks to all the dignitaries on the Dias, learned Audiences & representatives from Industry.

E) Students Felicitation Programme

Pune Chapter of Cost Accountants organised a Students Felicitation Programme on 20th March 2012 at Pune Chapter's CMA Pride, Pune.

CMA Pramod Dube, Chairman of Pune Chapter welcomed the Chief Guest & other dignitaries and the students. He reviewed the various activities conducted by Pune Chapter. CMA Milind Date, Hon. Secretary, PCCA congratulated students and made presentation on Career Development with multiple Professional Qualifications. CMA Amit Apte, CCM-ICAI congratulated the students and spoke about the Time Management and its importance in professional life. CMA Dhananjay V Joshi, Former President of ICAI congratulated the students for their achievements and conveyed the expectations of the profession from them. CMA Neeraj Joshi, Treasurer, WIRC of ICAI, reviewed the various activities conducted by WIRC. Mr. Shirang Abhyankar, Hon. Director, PCCA offered his views on planning & management of the career.

On this occasion students who passed in the December 2011 examination were felicitated with prizes on auspicious hands of Former President of ICAI, Central Council Member of ICAI and Managing Committee Members of Pune Chapter. CMA Amit Shahane, Managing Committee Member proposed a vote of thanks.

F) Seminar at Solapur Unit of Pune Chapter

PUNE CHAPTER OF COST ACCOUNTANTS - SOLAPUR UNIT has organized seminar on "IMPACT OF BUDGET 2012-13 ON DIRECT TAXES & INDIRECT

TAXES on 25th March 2012 at Solapur.

CMA N.K. Nimkar, Past Chairman of PCCA & CMA Sunil Ingale, Chairman - Solapur Unit was speakers for this seminar. The seminar was inaugurated by Hon. Shri. N.K. Nimkar, Pune.

CMA N. D. DONTUL welcomed the speakers, guest and participants. CMA Murali Iyengar introduced CMA N.K. Nimkar & CMA Sunil Ingale. CMA N.K. Nimkar highlighted the changes in Excise & Customs.

CMA Sunil Ingale has explained in detail changes in direct taxes and its applicability. CMA D. Dontul proposed a vote of thanks.

SURAT SOUTH GUJARAT

Excursion Tour by Final ICAI students to Bombay Stock Exchange

The students of final ICAI course of Surat South Gujarat Chapter of Cost Accountants visited Bombay Stock Exchange to get exposure to the working of stock exchange which is a part of curriculum of Final ICAI Course.

The visit was guided by faculty for final class Dr. Aditya Srinivas, who works as full time faculty at BSE. The visit was divided into three sessions, in first session Dr. Aditya Srinivas gave outline of working of BSE and its basic functions.

Second session was conducted by Mr. Jaimin Mehta, who guided the students about the history of BSE and discussed about Capital Market.

The third session was taken by Mr. Purvesh Shah who educated the students on how to make sound investment in capital market. The students were benefitted a lot by interactive sessions with three members of BSE and visit to various sections of stock exchange by getting the feel of functionality of stock exchange.

CEP on Budget 2012 Analysis & XBRL Reporting

A CEP on Budget 2012 Analysis & XBRL Reporting was organized by Chapter on 18-03-2012 at Chapters office. CMA Hemant Joshi, Manager (Excise),

Reliance Industries, Hazira discussed the changes in Excise and Service Tax provisions and its implication to the Industry, CMAs and economy at large. CMA Nanty Shah, Practicing Cost Accountant was explained very interestingly about XBRL reporting. Vote of thanks was proposed by CMA J. T. Parmar, Secretary Surat Chapter. The programme was well - attended by members and students.

CEP on Statutory Cost Accounting Developments on 26-2-2012

A CEP on 'Statutory Cost Accounting Development' was organized by Chapter on 26-02-2012 at Chapter's office. Chairperson CMA Dr. Heena Sunil Oza welcomed the guest, CMA V. R. Kedia and participants. CMA M. K. Desai Introduced the expert well known speaker CMA V. R. Kedia. He very lucidly covered the topics of Compliance Report for Cost Accounting Records and Cost Audit Report. This was followed by interactive discussion by members. The vote of thanks was offered by CMA S. V. Mohite. The programme was well-attended by members and students.

Full Day Seminar on Budget 2012 Analysis

Full Day Seminar on Budget 2012 Analysis was organized by The Surat South Gujarat Chapter of Cost Accountants- Ankleshwar Branch Facilitation centre jointly with Ankleshwar GIDC Association

In the Welcome speech by Vice Chairman CMA S. N. Mundra welcomed the participants. CMA Rathi gave the outline of the Seminar. The Chief Guest of the Seminar Mr. Shushil Kumar, President of Reliance Industries, Dahej appreciated the efforts to conduct the seminar very soon after the Budget 2012 announcement. Mr. Mohanty, Chief Manager, Bank of Baroda wishes the seminar great success. Eminent speaker CMA Ashok B. Nawal, Member WIRC elaborated the changes in Excise & Service Tax and its impact on Industries, CMAs and society at large. CA Rakhecha from Surat dealt with changes in Direct Taxes.

Vote of thanks was offered by CMA Shailendra Saxena. The Seminar was well attended by CMAs, students of the Institute and delegates from Industries.

BEST CHAPTER AWARD

In the 53rd National Convention held at New Delhi, following Chapter under WIRC were given "Best Chapter Award" for the year 2011

Category A – AHMEDABAD

Category C – AURANGABAD

Category B – SURAT SOUTH GUJARAT

Category D – KOLHAPUR SANGLI

CAREER FAIR

WIRC Participated in Career Fair organized by Sanjeevani Carrer Fair at Navghar Muncipal School Ground, Bhyander on 31st March and 1st April 2012. Dr. Sanjeev Ganesh Naik, Member of Parliament graced the occasion on last day of the fair and gave away the participation trophies to all the organizations.

Large number of students visited the Institute's stall.

CEP REPORT

On 5th March 2012, WIRC organized a CEP on "Round Table Discussion on Draft CAS2 issued by ICAI at Students & Members Facilitation Centre, Thane. Members from Practice and service responded well for this CEP. Suggestions gathered from the discussion were also forwarded to Central Council for improvements in Exposure Draft. CMA Ashish Thatte, Hon Secretary WIRC proposed vote of thanks.

On 10th March 2012, WIRC organized a CEP on "Scam in Stock Market" at Students & Members Facilitation Centre, Thane. Mr. Amit Bagaria was the speaker. It was a very informative session.

On 17th March 2012, WIRC organized a CEP on "Union Budget" at Students & Members Facilitation Centre, Borivli. Adv. M.H. Patil and Mr. S. L. Kabadi were the speakers. Adv. M. H. Patil, Advocate, practicing in Supreme Court, High Courts for more than two decades and Head of CEN- EX Services Mumbai and CA S.L. Kabadi, shared their views on Indirect Taxation and Direct Taxation respectively.

This CEP was divided into two sessions of an hour each. CMA Vaibhav Joshi introduced Mr. M. H. Patil. He was welcomed by CMA J. J. Paleja. Mr. Patil provoked his thoughts on Union Budget on his area of expertise particularly Central Excise Act and Service Tax. In his narration, Mr. Patil stressed upon various amendments in Union Budget on Central Excise and Service Tax Rules. He also shared with group various implications of these amendments on few businesses like Readymade Garments, Branded Jewellery etc.

The second half of the session was conducted by Mr. S. L. Kabadi, practicing Chartered Accountant. CMA Vaibhav Joshi introduced him to the group. He was welcomed by CMA B. C. Sanghavi. Mr. Kabadi briefed members on various amendments in Union Budget related to Income Tax Act, 1962, Gift Tax and Wealth Tax. Mr. Kabadi touched upon almost all Sections of Income Tax Act, 1962 where Government has brought up changes.

He also expressed logical reasoning behind these changes from Taxation Authorities point of view. He linked these amendments on the back round of famous case studies of Vodafone, Direct Tax Code etc. Members appreciated his narration as it covered all major sections. The session became lighter as it was supported by apt quotes and jokes full of humour. CMA Vaibhav Joshi proposed vote of thanks.

SFIMAR has achieved remarkable appreciation from members for organizing CEPs. Members and Students reckoned WIRC's efforts of arranging such a wonderful session within 24 hours of presentation of Union Budget

in Parliament. This CEP was attended by a team of 40 which consists of members and students.

On 24th March 2012, WIRC organized a CEP on Exposure Draft - Guidance Note on Performance Appraisal Report Form III for the Companies (Cost Audit Report) Rules, 2011 at Dahanukar Management Business School, Vile Parle. CMA Kirit B. Mehta, Past Chairman WIRC was the speaker. CMA Vaibhav Joshi welcomed members and introduced CMA Kirit Mehta. Ms. Nayana Savla, Practicing Member welcomed CMA Mehta.

CMA Mehta touched various aspects of Performance Appraisal Reports, i.e. Capacity Utilization analysis, Productivity and Efficiency analysis, Utilities and energy Analysis, Key Costs and Contributions Analysis, Profitability and Product Service Profitability Analysis; Market and customer Profitability Analysis; Working Capital and Inventory Management Analysis; Manpower Analysis, Impact of IFRS on the cost Structure, Cash Flow and Profitability, Application of Management Accounting Tools.

His narration became interesting and useful to all members as it was supported by Practical Case Studies.

CMA Vaibhav Joshi expressed Vote of thanks at the end of the session

On 24th March 2012, WIRC organized a CEP on "Union Budget" at Mulund College, Mumbai. CMA Jagdish Ahuja & CA Shripad Kabadi were the speakers. CMA Jagdish Ahuja spoke about changes in Service Tax regime from FY 12-13 onwards. CMA Shripad Kabadi spoke about changes in Income Tax Act and how benefits can be taken by business and individuals from the same. CMA Ashish Thatte, Hon. Secretary WIRC was present on the occasion and proposed vote of thanks.

On 31st March 2012 WIRC organized a CEP on "Exposure Draft for Performance Appraisal" at R.J. College, Ghatkopar, Mumbai. CMA Chandrashekhar Joshi was the speaker. This was also a great discussion when past chairman CMA V J Talathi shared his experience with members. Points generated on exposure draft were sent to HQ for this discussion. Members present appreciated the initiative taken by WIRC to discuss such topics which not only helps HQ for final draft but also help to members for understanding the topic. CMA Ashish Thatte, Hon. Secretary was present and informed members about activities of the institute in the month of March. He also proposed vote of thanks.

Large number of members attended the various CEPs conducted by WIRC in the month of March.

Continuing Education Programme

Topic : Product Costing in SAP R/3

Speaker : CMA Pramod Bhawe, *ERP Consultant*

Date: Saturday, 21st April 2012

Venue : WIRC Office, Rohit Chambers,
Fort, Mumbai 400 001.

Time : 5.30 p.m. to 8.00 p.m.

Fees : Rs.100/-

(Two CEP Credit Hours will be provided)

With the advent of computerization in Indian Corporate and globalization, ERP Solutions have become a business necessity. SAP AG. is a German company providing world class ERP solutions. SAP has the largest share of the branded ERP market in India and worldwide. SAP R/3 (ERP from SAP AG.) is the flagship product of the company. SAP R/3 is a unique product that provides a dedicated Module for Costing and Controlling. It supports Product Costing through integrated framework of ERP. SAP Controlling module supports Product Costing as well. Thus it offers a great help as well as excellent opportunity for CMA's in their professional career.

Many of our members have suggested us for having a program on SAP Product Costing. WIRC is pleased to organize CEP on Product Costing in SAP R/3.

We are proud to inform you that one of our own members CMA Pramod Bhawe will take up this complex subject. CMA Pramod Bhawe has been into ERP consulting for over thirteen years now. He has worked as Solution Architect / Project Manager on quite a few successful SAP implementations across multiple geographies. He has also accomplished successfully assignments for system study and 'health check' audits.

Following areas relating to Product Costing in SAP will be covered during this CEP -

- Nature of ERP vis-a-vis Stand alone systems
- Overview of system integration from the perspective of Product Costing
- Master Data in different domains
- Costing Run
- Overview of shop floor operations
- Accounting for product costs and variances during shop floor operations
- Period end closing
- Reports on Product Costs

We appeal to all the members to take advantage of this excellent opportunity to update and upgrade their knowledge which will give them an edge both in Practice and Service.

For Registration

E-mail : wirc@icwai.org / seminar@icwai-wirc.org

Western India Regional Council of ICAI

announces

Half Day Seminar on

**Applicability of Cost Audit and Cost Compliance in Organic and Inorganic Chemicals Industry
(Chapter 28, 29, 32, 38 and 39)**

Date: Friday, the 27th April 2012

Time: 5.30 p.m. to 8.30 p.m. (followed by Dinner)

Venue: Hotel Jewel of Chembur, (Fifth Floor)
1st Road, Opp. BMC Office, Near Nataraj Cinema,
Chembur (East), Mumbai 400 071.

Speakers: Team of Eminent speakers

Fees: Company Delegates. Rs.1500/- + Taxes

Practising CMAs Rs.1000/- + Taxes

(Two CEP Credit Hours will be provided)

* * * * *

Full Day Seminar on

**Applicability of Service Tax
Post Budget-2012**

Topics to be covered:

- Definition of Service and declared services.
- Negative list of services.
- Exempted Services.
- Person Liable to pay service tax under reverse charge mechanism.
- Point of Taxation Rules.
- Cenvat Credit.
- Statutory Compliance.

Date: Friday, 18th May 2012

Time: 9.30 a.m. to 5.30 p.m.

Venue: Grand Hotel, Ballard Estate,
Mumbai 400 001.

Speakers: Team of Eminent speakers

Fees: Company Delegates Rs. 2000 + Taxes and
Practising CMAs Rs. 1500 + Taxes

(Four CEP Credit hours will be provided)

Cheque / DD should be drawn in favour of
WIRC-ICWAI payable at Mumbai

For Registration Contact :

WIRC of ICWAI, Rohit Chambers, 4th Floor, Janmabhoomi Marg,
Fort, Mumbai 400 001.

Tel. 022 - 2287 3476 / 2204 3406 / 2204 3416 • Fax: 022 - 2287 0763

E-mail: seminar@icwai-wirc.org / wirc@icwai.org

Website : www.icwai-wirc.org



CMA Rathi, CMA A.B.Nawal, CMA S. N. Mundra, CMA Amish Parmar during Seminar on Budget 2012 Analysis organized by Ankleshwar Branch Facilitation centre of Surat-South Gujarat Chapter



CMA A B Nawal interacting with participants during Seminar on Budget 2012 Analysis organized by Ankleshwar Branch Facilitation centre of Surat-South Gujarat Chapter



CMA M. Gopalakrishnan, President ICAI and Mr. Rajan Desai, Industrialist, Daman lighting the lamp during inauguration of Vapi Daman Chapter of Cost Accountants on 29th March 2012.



CMA M. Gopalakrishnan, President ICAI inaugurating Oral Coaching and Computer Training Centre at Vapi on 29th March 2012.



CMA Sanjay Bhargave (CCM - ICAI) and CMA Narhar Nimkar lighting the lamp during Seminar on Union Budget-2012 jointly organised by Aurangabad Chapter & CMIA on 21st March 2012.



View of the participants during Seminar on Budgetary Changes jointly organised by Nasik Ojhar Chapter of Cost Accountants and Nashik Chapter of ICSI on 20th March 2012.



Mr. Pawan Chandak, Chairman, Pune Chapter of ICSI, lighting the lamp during the Seminar on New Mechanism of Cost Audit & Cost Records organized by Pune Chapter jointly with the Pune Chapter of ICSI on 3rd March 2012.



CMA Amit Apte, CCM-ICAI lighting the lamp during inauguration of Oral Training centre at Ratnagiri on 25th March 2012.



Mr. R. Sekar, Commissioner (Appeals), Central Excise, Pune III lighting the traditional lamp on the occasion of Budget Seminar organized by Pune Chapter on 19th March 2012.



Mr. R. Sekar, Commissioner (Appeals), Central Excise, Pune III addressing the participants on occasion of Budget Seminar organized by Pune Chapter on 19th March 2012.



CMA A B Nawal interacting with participants during Budget Seminar organized by Pune Chapter on 19th March 2012.



CMA D. R. Kulkarni, Chairman, Working Committee, PCAC of PCCA felicitating Mr. Suresh Ghotage, CFO Atlas Copco during the seminar on Budget organized by Pune Chapter on 22nd March 2012.

Heartiest Congratulations !!!



CMA Amit Apte, Central Council Member of the Institute of Cost Accountants of India has been appointed as 'Additional Director' on the board of KICONS Ltd. (Formerly Kirloskar Consultants Ltd.). The Company incorporated in 1963 specialises in Business Performance Management Consultancy, Environmental Management Consultancy and Project Engineering Services.

WIRC Wishes A Happy Retired life to Mr. M. Sreenarayanan



Mr. M. Sreenarayanan retired from active service on 31-3-2012 after putting 33 years of service at WIRC, Mumbai.



If undelivered please return to:

THE INSTITUTE OF
COST ACCOUNTANTS OF INDIA
WESTERN INDIA REGIONAL COUNCIL,
Rohit Chambers, Janmabhoomi Marg, Fort, Mumbai 400 001.
Tel.: 2204 3406 / 2204 3416 / 2284 1138
Fax : 2287 0763
E-mail : bulletin@icwai-wirc.org
Website : www.icwai-wirc.org

To