



# WIRC BULLETIN

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For Members only

March 2013

## From the Desk of Chairman



Dear Professional colleagues,

Economic growth has slumped to a 10-year low in the second quarter of the current fiscal, as private consumption eased and investments largely remain subdued. The Indian economy grew 5.3% in the quarter ending September 2012, lower than the 5.5% growth in gross domestic product (GDP) clocked in the first

quarter, with both the farm and manufacturing sectors recording a deceleration. GDP growth in the first six months of the current fiscal was recorded at 5.4%, sharply lower than the 5.8% growth rate projected by the RBI for the entire year, according to data released by Central Statistical Organization.

Finance minister P. Chidambaram had recently scaled down the growth forecast for the fiscal to between 5.5% and 6% as against the budget estimate of 7.6% (+/-0.25%) for the fiscal. But the markets discounted the weak numbers and the BSE Sensex rose for the fourth straight day to gain 169 points and reached above 20,000 points. "It is a bit lower than expected. I certainly feel next half should be better. Numbers are not important, we can say it has bottomed out and is beginning to go up again." Montek Singh Ahluwalia, Planning Commission deputy chairman.

The union budget presented by the finance minister indicates that India has the picture of struggling economy, simmering social unrest fuelled by iniquitous society, revelations of corruption, a divisive polity and an indecisive leadership. In coming days if BRIC is the powerhouse of the global economy, the 'I' in it should be Indonesia and not India.

*There was something about the weather, what can I say?  
Nothing like any other holiday. That was a silly season.  
Was it the best? We didn't need the reason, just a rest.  
Happy at the good time coming,  
Happy at the good time coming in.*

-Good Times Coming / Feel The Sun.  
By Paul McCartney

Analysts, opines the same and I also believe that CMA's can play the pivotal role in identifying the areas of wastages, unproductive utilisation of resources, risks

involved in the systems, etc. and offering their expertise in the concerned areas to build better and strong Indian economy and to reposition the Brand India Image globally to give India a greater share of voice resulting in geostrategic benefits.

National CMA Practitioner's Convention 2013 recently concluded at Chennai and the theme was "CMA Practice-The emerging Scenario" and large number of members across the India actively participated in the same.

The autumn breeze passes through the green bough of the trees and leaves rustle and they make a dreamland of light and shade. Autumn is cool and beautiful. In India it is the time of festivity; it is a time of enjoyment, to have fun and to make life beautiful with a new beginning. I wish on the eve of the New Year to you and to your family members a very happy autumn season to bring colours and joy in your life.

With Warm Regards,

**CMA SHRENIK S. SHAH**

## Integrity

Integrity is a personal asset to a man in every field. The most perfect characteristic in any eminently successful life seems to be integrity - an inflexible, un-daunted firm integrity. A man of integrity is accepted, believed, trusted and befriended by all. To attract to oneself such genuine attitudes from others' bosoms is to create and assure a vibrant environment for great undertakings and, perhaps with other's help, a spectacular success.

The nobility of integrity is not merely in its honour, sincerity and honesty in action, but it is rooted deeper in the quality and beauty of one's own intentions. The personality in us unfolds with growing poise with each apparent failure, with each insurmountable obstacle met, in each moment of social criticism.

When a man of integrity strides through life's rough path, winning laurels hi localized slarmishes with the outer circumstances, a new fire is kindled in his within, and with each resolution fulfilled he rises daringly to take up greater resolves upon himself.

*Let us rise up, courageously step on the path and confidently march forward into fresh efforts with our heads held high proudly, with all confidence, and full self-assurance.*

- Swami Chinmayananda



CMA Anjali Khare felicitating CMA Ravi Sahni during CEP organized by WIRC on 18/2/2013



View of audience during seminar on Cost Audit organised by WIRC on 18th February 2013.



CMA Vijay P. Joshi (Ex-Chairman WIRC), CMA P.D. Modh, CMA Dr. Niranjan Shastri, during full day lecture organized by Indore Dewas Chapter



CMA Dr. Niranjan Shastri, Chairman, Indore Dewas Chapter along with Miss Chetna Tailor, during Career Fair Organized by Govt. New Girls Degree College, Indore



CMA Dr. Niranjan Shastri, Chairman of Indore Dewas Chapter along with pass out students of Chapter.



View of audience during Annual Seminar organised by Navi Mumbai Chapter



CMA Asvin Sutarsandhiya proposing vote of thanks during CEP organized by Surat-South Gujarat Chapter



Faculty CMA Dipali Lakdawala interacting with participants during CEP organised by Surat-South Gujarat Chapter.

## CONTINUING EDUCATION PROGRAMME – MARCH 2013

**Date : Wednesday, 20th March 2013 • Time : 5.30 p.m. to 8.00 p.m.**

**Topic : EXPOSURE DRAFT CAS -16  
COST ACCOUNTING STANDARD ON DEPRECIATION AND AMORTISATION**

**Speaker: CMA Poonam Muley**

**Venue : Mulund College of Commerce, Mulund (West), Mumbai 400 080.**

**2 CEP Credit hours will be provided • No Participation Fees**

**For Registration : Tel.: 2545 0763 • E-mail: seminar@icwai-wirc.org**

\* \* \* \* \*

**Date : Friday, 22nd March 2013 • Time : 5.30 p.m. to 8.00 p.m.**

**Topic : TRANSFER PRICING**

**Speaker: CS A.Sekar & CA Sudha Bhushan**

**Venue : Class Room No. S2, 2nd Floor, Podar College of Commerce, Matunga (CR), Mumbai 400 019.**

**Fees: Rs. 300/- for students • Rs.500/- for Self sponsored Rs.1,000/- Company Sponsored  
(including Service Tax)**

**2 CEP Credit hours will be provided**

**For Registration:**

**Tel. : 2204 3406, 2204 3416, 2284 1138 Ext 30 • E-mail : seminar@icwai-wirc.org**

\* \* \* \* \*

**Date : Saturday, 30th March 2013 • Time : 5.30 p.m to 8.00 p.m**

**Topic : EXPOSURE DRAFT CAS -16  
COST ACCOUNTING STANDARD ON DEPRECIATION AND AMORTISATION**

**Speakers : CMAs Poonam Muley & Vaibhav Joshi**

**Venue : St. Francis Institute of Management & Research, Mt. Painsur, S.V. P. Road,  
Borivali (W), Mumbai 400 103.**

**2 CEP Credit hours will be provided • No Participation Fees**

**For Registration: Tel.: 2894 8302 • E-mail : seminar@icwai-wirc.org**

### FULL DAY SEMINAR ON COST AUDIT APPLICABILITY AND CONTEXT

**on Saturday, 23rd March 2013 • Time: 9.30 a.m. to 5.30 p.m.**

**at Hotel VITS, Andheri Kurla Road, International Airport Zone, Andheri (E), Mumbai - 400 059,**

**Fees : Rs.1,000/- for students • Rs.1,500/-for PCA • Rs.2,500/- for Company Representatives  
(12.36% Service Tax extra)**

**Four CEP credit hours will be provided**

**TOPICS TO BE COVERED :** Applicability of all orders, appointment procedure and some aspects of Compliance Report • CAS and GACAP • Cost Audit Paras • Performance Appraisal Report • XBRL mode of submission • Future changes in Cost Audit and Compliance

**Cheque/DD should be in the name of ICAI-WIRC, payable at Mumbai.**

**For details & Registration Contact:**

**Mr. S. S. Deshpande, Asst. Director, Mobile : 97692 72233**

**WIRC-ICAI – Tel.: 022-22043406/16 Extn. 30 • Fax : 022-2287 0763 • E-mail:seminar@icwai-wirc.org**

# SIX SIGMA: BUILDING PRODUCT BRAND

**Indraneel Sen Gupta**

Master of Economics, MBA in International Business, ICWAI (Final)  
Global Macro Economic Researcher, neel19414@gmail.com

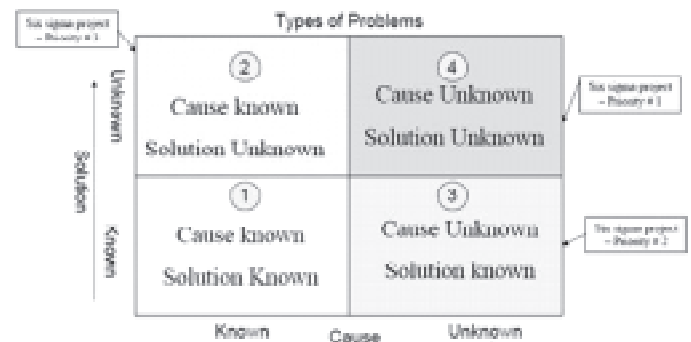


After the debacle of 2008 the demand of efficiency and defects reduction is on the heights ladder. The debacle of 2008 has taught us to use metrics to measure performance which the world failed to do prior to 2008. While in search of new concepts and thoughts married with new ethical values we forget the ones which are already present matching the same instincts. When I was doing my research on one of the aspects I came across one of very strong and well reputed metrics called Six Sigma. Six Sigma needs no introduction since everyone know the preliminary aspects of its. But I was surprised to find that six sigma is understood less and implemented more in engineering segment rather having an application in every industry comprising of small and big.

Six Sigma is a data driven process where data accuracy and data collection process is a very important. If ones initial hypothesis is wrong then the whole calculation can go for a wide fluctuation. The data has to be well accurate from the various segments - from manufacturing to transactional and from product to service. If the data is wrong then metrics and measurement both will take a hit. Some of my learned friends might acclaim that Six Sigma is a statistical process of elimination of defects and hence improving productivity. In my research I find that six sigma is beyond statistical calculation and it has a greater role to improve efficiency. Six sigma was designed to control the errors within a system and creating brand value for an organization/its products and even employees.

Six sigma helps to build brand provide if it's being witnessed beyond as a statistical tool. The Six Sigma DMADV process (define, measure, analyze, design, verify) is an improvement system used to develop new processes or products at Six Sigma quality levels. The word quality is the backbone which creates brand through six sigma process.

Definition of the problem is the vital pivot point while designing the road map for six sigma. In my research I find that the problem needs to divided into course



and solution followed with known and un-know. A matrix is the best suited to understand and efficiently the problem which will form the initial hypothesis.

Once the matrix is well developed behind the mind the initial hypothesis will be a magical solution. We often find that while deriving the definition of problems we get known problems whereas know solutions but they are not linked hence the problems persists and continues. It's not always prudent to find the unknown questions and answers. Finding the known can be of great help to resolve the unknown solutions and problems too. The above matrix can be of great helpful in improving the quality of a product followed with creating new brand to an existing product.

For an efficient brand building a proper process needs to develop aligning it with the measurement metrics so that deviation in any place can be identified before the brands is on the verge of collapse.

For an existing product of whom the life cycle suddenly plummet and is on the verge of getting out from the market six sigma definition process can be of great survival for the organization as well as for the product. One must keep in mind that certain changes in an existing product can be of great innovation. Moreover for bringing a new product and getting success from that product is a huge debatable game where as existing product ramification can be of great proposition.

In my next article I will come up with the measurement part of Six sigma.



# MIS Report for Monitoring and Controlling Fixed Cost

CMA Rajesh Kapadia

A Company is required to incur certain fixed expenses in order to run its business of manufacturing and selling its Products.

Following MIS Report can be prepared by Costing Department to help management in monitoring and controlling its Fixed Expenses.

Yearwise Trend of Fixed Expenses for Company/for Plant1

PARTICULARS	2011-12 (Rs Lacs)	%	2010-11 (Rs Lacs)	%	2009-10 (Rs Lacs)	%
Salaries & Wages						
Consumable Stores						
Repaires Expenses						
Stationery for Computers						
Stationery for other Office use						
Travelling-Domestic						
Travelling-Abroad						
Bus Expenses						
Uniform						
Security						
Legal and Professional Fees						
Seminar						
Telephone Expenses						
Books and Periodicals						
Audit Fees-Financial Audit						
Audit Fees-Cost Audit						
TOTAL						

Utilities of this Report :

- It provides at a glance yearwise trend of fixed expenses.
- Usually, increase in Salaries & Wages will be due to normal increment for management staff and revision in salary of workers due to union settlement.  
Salaries & Wages should not be an area of cost control by the management. Its value should be given in the report only as information to management.  
This is because, better the employees are rewarded, more committed & productive they will be.  
And satisfaction of employees with respect to their Salaries & Wages is always an asset for any organization.  
However, a watch can be kept on incidence of overtime.
- Incidence of Expenses with respect to Consumable Stores & Repaires Expenses depends upon age of plant & machinery and operating conditions of plant & machinery.  
If there is any substantial increase in expenditure with respect to either Consumable Stores or Repaires Expenses, then this increase in expenditure needs to be traced to

particular cost centre / cost centres and reasons for the same should be discussed with the Head of that cost centre so that appropriate action can be taken to prevent such recurrence.

It is advisable to buy spare parts of machine from the original manufacturer of machine which will ensure originality of spare parts.

- Expenses with respect to Stationery for Computer & Stationery for other Office use can be controlled by entering into Annual Rate Contract with concerned suppliers which can be either for a given period or for a given quantity.

- If there is any substantial increase either in domestic travel or foreign travel,

It may be due to certain business conditions which might have necessitated either domestic travel or foreign travel. If required, Cost Centrewise analysis can be carried out & submitted to the management.

- Incidence of Legal & Professional Fees depends upon circumstances of that particular year. For any substantial increase, reasons can be submitted to the management.

It should be ensured that the cost of litigation is not more than the benefit. For this, an amount can be decided upto which no such suit is to be filed.

- Telephone expenses can be controlled by cutting off direct dialling facility from all extensions except those which are made available to very senior executives.

If the same message can be conveyed through e-mail, then telephonic talk should be avoided.

- Expenses on Books & Periodicals should not be a subject matter of cost control for the management. Its value should be given in the report only as information to management.

This is because, even if a minor idea is picked up from a book and put to productive use, it would repay the cost of books several times.

- Expenses on Seminar should not be a subject matter of cost control for management, as it is essential for updation of knowledge of employees & concerned executives.

Its value should be given in the report only as information to management.

- Similarly, Expenses with respect to Uniforms & Canteen Expenses should not be a matter of cost control.

Its value should be given in the report only as information to management.

Conclusion :

Thus, this Report when submitted to the management along with suitable analysis, it serves dual purpose of providing information as well as acting as a control device.

# Union Budget Analysis

By **CMA Ashok Nawal**, Past Chairman and Treasurer of WIRC of ICAI  
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## CUSTOMS - TARIFF

Sec.No./ Rule No./ Notifi. No	Tariff Heading/ Chapter	New Description of goods	Existing Rate	New Rate	Remark
76	0302 24 00	Turbots (Psetta maxima)	No change	No change	Changes made in the description of the goods
76	0303 34 00	Turbots (Psetta maxima)	No change	No change	Changes made in the description of the goods
76	1517 90 20	Omitted	No change	No change	Omission of note
73	48	Paper and paper board	No change	No change	Note 13 for chapter 48 omitted
76	48	Paper and paper board	No change	No change	After the Sub-heading Note 7, the following shall be inserted, namely :- Supplementary Notes: Notwithstanding anything contained in Note 12, if paper and paper products of heading 4811, 4816 or 4820 are printed with any character, name, logo, motif or format, they shall remain classified under the respective headings as long as such products are intended to be used for further printing or writing.
76	8703	Motor Cars & other motor vehicle designed for transport of person	100%	125%	
76	8903	Yachts and other vessels for pleasure or sports, rowing boats and canoes	10%	25%	
09/2013	8803 90 00		Earlier no Education Cess	Education Cess Levied	Exemption with regards to Education cess given earlier is now withdrawn.
09/2013	1005 90 00		Earlier no Education Cess	Now levied	Exemption with regards to Education cess given earlier is now withdrawn.
09/2013	1507, 1509 or 1510		Earlier no Education Cess	Now levied	Exemption with regards to Education cess given earlier is now withdrawn.
09/2013	1514		Earlier no Education Cess	Now levied	Exemption with regards to Education cess given earlier is now withdrawn.
09/2013	1515 90		Earlier no Education Cess	Now levied	Exemption with regards to Education cess given earlier is now withdrawn.
09/2013	1515 9099		Earlier no Education Cess	Now levied	Exemption with regards to Education cess given earlier is now withdrawn.
09/2013	8802 20 00, 8802 30 00, 8802 40 00, 8803 10 00, 8803 20 00 and 8803 30 00		Earlier no Education Cess	Now levied	Exemption with regards to Education cess given earlier is now withdrawn.
09/2013	2106 90		No change	No change	Serial No has been changed from 47 to 92
09/2013	3302 10		No change	No change	Serial No has been changed to 213

Sec.No./ Rule No./ Notifi. No	Tariff Heading/ Chapter	New Description of goods	Existing Rate	New Rate	Remark
09/2013	8473 30.	Microprocessors for automatic data processing machines of heading 84.71, and Parts (including ink cartridges with print head assembly and ink spray nozzle) of the machines of heading 84.71, other than Populated Printed Circuit Boards (PPCBs) including motherboards (with or without CPU)	2% Educess	Nil Educess	Exemption has been extended to Microprocessors for automatic data processing machines of heading 84.71, and Parts thereof as well.
09/2013	9801		Earlier no Education Cess	Education Cess Levied	
10/2013	2920 90 99		10%	0.50%	Exemption w.r.t to import from Singapore of item falling under tariff 2825 10 30 has been withdrawn and exemption has been granted to import of tariff item no 2920 90 99
10/2013	2825 10 30		0.50%	10%	Exemption w.r.t to import from Singapore of item falling under tariff 2825 10 30 has been withdrawn and exemption has been granted to import of tariff item no 2920 90 99
11/2013	71	Cut & Polished Diamond	No change	No change	Variance for height, circumference & weight has been specified in the condition for re import of cut & polished diamond falling under chapter 71 after certification /grading by the laboratories / agencies as notified in the Foreign Trade Policy. Provision to Condition (v) Provided that a variance not exceeding +_ 0.01 mm in height and circumference and variance not exceeding +_ 1 cent in weight shall be allowed
12/2013	08 02 21 00, 08 02 22 00	Hazelnuts or filberts (Corylus spp.): In shell Shelled	30%	10%	
12/2013	08 02 51 00, 08 02 52 00	Pistachios In shell Shelled	30%	10%	
12/2013	1104 22 00	De-hulled oat Grain	30%	15%	
12/2013	1517 90 20	Peanut butter	7.5%	7.5%	
12/2013	2701 12 00	Bituminous Coal	5%	2%	Customs Rate has been reduced
12/2013	2701 12 00	Bituminous Coal	5%	2%	Additional duty
12/2013					
12/2013	2701 19 20	Steam Coal	Nil	2%	Basic Customs duty exemption withdrawn.
12/2013	2701 19 20	Steam Coal	1%	2%	Additional Customs Duty increased.
12/2013	5002	Raw silk (not thrown)	5%	15%	
12/2013	7103	Pre-forms of precious and semi-precious Stones.	10%	2%	
12/2013	7314 14 10	a) Stainless Steel wire cloth stripe (falling under CTH 7314 14 10) b) Wash Coat (falling under CTH 3824 90 90)	10%	5%	Subject to fulfilment of condition as specified.
12/2013	8446, 8448	Textile, Weaving Machines and parts thereof	Nil	5%	
12/2013	8444, 8445, 8447, 8449	Textile, Weaving Machines and parts thereof	7.5%	5%	

Sec.No./ Rule No./ Notifi. No	Tariff Heading/ Chapter	New Description of goods	Existing Rate	New Rate	Remark
12/2013	85	Integrated decoder receiver, also known as set top box	5.0%	10%	
12/2013	8703	Motor car & other motor vehicle principally designed for transport of persons which have not been registered anywhere prior to importation, if imported in any other form	75.0%	100%	
12/2013	Any Chapter	Lithium ion automotive battery for manufacture of Lithium ion battery packs for supply to the manufacturers of hybrid and electric vehicle		Nil	
12/2013	8711	Excluding Motor Cycles of engine capacity of 800 CC or more	60.0%	60.0%	
12/2013	8711	Motor Cycles of engine capacity of 800 CC or more	60.0%	75.0%	
12/2013	88 or any chapter	Parts and testing equipment, for maintenance repair, and overhauling of aircraft falling under heading 8802, by the units engaged in such activities	—	Nil	
12/2013	8901	Foreign going vessel	—	—	—
12/2013	Any Chapter	(i) Battery pack; (ii) Battery Charger; (iii) AC or DC Motor; (iv) AC or DC Motor Controller, (v) Engine for HV ( Atkinson cycle); (vi) Transaxle for HV ( split power device); (vii) Power Control unit (inverter, AC/DC converter, condenser); (viii) Control ECU for HV, Generator; (ix) Brake system for recovering; (x) Energy Monitor; (xi) Electric Compressor	No change	No change	Exemption period under notification has been extended till 31st March 2015
12/2013	88		No change	No change	Addition in condition no 73 "imported for servicing, repair or maintenance of private aircrafts" and time limit for installation or use of imported aircraft parts extended from 3months to 1 year"
12/2013	88		No change	No change	Changes in time period from 3 months to 1 years on parts, raw material and consumables,
12/2013			No change	No change	Changes in time period from 3 months to 1 years for use and consumption of the specified goods imported for the purpose of repairs of ocean going vessels
12/2013	84, 85	As specified in notification	No change	No change	There is addition is list of existing machinery. Specified Machine for leather industry can be imported at concessional rate of duty of 5%



Sec.No./ Rule No./ Notifi. No	Tariff Heading/ Chapter	New Description of goods	Existing Rate	New Rate	Remark
13/2013	8905 10 00	Dredgers	Nil	10%	Rescinds the notification 19/2012-Customs, dated the 17th March, 2012- exempts dredgers falling under heading 8905 10 00 of the First Schedule to the said Customs Tariff Act from whole of the custom duty & additional duty of custom leviable under sec 3 (1) of tariff act , as is in excess of the duty calculated on the total lease value
13/2013	8905 10 00	Dredgers	Nil	10%	
14/2013	–	Trophy when imported into India by the National Sports Federation recognized by the Central Government or any Sports Body registered under any law for the time being in force for being awarded to the winning team in the international tournament	–	Exempted	Exemption has been granted on import of trophy in India by the National Sports Federation recognized by the Central Government or any Sports Body registered under any law for the time being in force for being awarded to the winning team in the international tournament, subject to certain conditions as specified in the notification
77	7212	Flat rolled products of iron or non alloy still of the width less than 600mm, clad plated or coated	Nil	20%	Export Duty
15/2013	1701	Raw sugar, white or refined sugar	Nil	20%	Export Duty
15/2013	2606 0010	Bauxite (natural), not calcined	Nil	30%	Export Duty
15/2013	2606 0020	Bauxite (natural), not calcined	Nil	30%	Export Duty
15/2013	2614 0010	Ilmenite, unprocessed	Nil	30%	Export Duty
15/2013	2614 0020	Ilmenite, upgraded (beneficiated ilmenite including ilmenite ground)	Nil	30%	Export Duty

17th January 2013

## NOTIFICATION

No. CMA(7)/2013: The Council of the Institute at its 278th Meeting held on 17th January 2013 has decided to increase the following fees with effect from 1st April, 2013:

Category of Fees	Present	Revised with effect from 1st April, 2013 (From Financial Year 2013-2014 onwards)
	Rs.	Rs.
Associate Membership Fee	800	1000
Certificate of Practice Fee	1000	2000
Duplicate Certificate Fee for Members & Students	10	100
<b>(Kaushik Banerjee)</b> <i>Additional Secretary</i>		

## CUSTOMS ACT AND RULES

Section No. / Rule No.	Nature of Amendment	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
SEC 11	Prohibition on Importation and Exportation of Goods	–	Addition of "purpose" in Sec for protecting designs and geographical indications	By addition this purpose in Sec 11, the Government has been empowered to impose any ban on export / import of goods in order to protect designs and geographical indications.
SEC 27	Refund of Custom Duties	No such provision	Provided also that where the amount of refund claimed is less than rupees one hundred, the same shall not be refunded	Minimum amount of refund has been specified as Rs 100
SEC 28	Recovery of Duties	NA	Provided that the proper officer shall not serve such show cause notice, where the amount involved is less than rupees one hundred	Minimum amount for Show Cause Notice has been specified as Rs 100
SEC 28BA	Provisional attachment to protect revenue	NA	Addition of sub-section (4) of section 28 - Related to recovery of duties in case of fraud / collusion	Provision for attachment of properties has been extended to cases duty evasion by collusion / willful misstatement / suppression of facts.
SEC 28E	Advance Ruling	"activity" means import or export	"activity" means import or export and includes any new business of import or export proposed to be undertaken by the existing importer or exporter, as the case may be	The scope of Advance Ruling has been expanded to include new business activity of existing importer / exporter
SEC 29	Arrival of Vessels and Aircrafts in India	The Vessel or Aircraft can arrive / land only at Custom Port / Custom Airport	The Vessel or Aircraft can arrive / land only at Custom Port / Custom Airport unless permitted by the Board	Subject to permission from the Board the vessels / aircraft can arrive at a location other than Custom Port / Custom Airport. It means permission can be obtained even through circular instead of issuance of notification under Sec 9 of the Customs Act.
SEC 30	Delivery of Import Manifest	Submission of Import Manifest before arrival of vessel / Aircraft	Electronic Submission of Import Manifest before arrival of vessel / Aircraft Commissioner of Customs may, in cases where it is not feasible to deliver import manifest by presenting electronically, allow the same to be delivered in any other manner	Now it is compulsory to file IGM electronically prior to arrival of vessel / aircraft. Commissioner of Customs can condone this requirement in case it is not possible to file the electronically.
SEC 41	Delivery of Export Manifest	Submission of Export Manifest before departure of vessel / Aircraft	Electronic Submission of Export Manifest before departure of vessel / Aircraft Commissioner of Customs may, in cases where it is not feasible to deliver import manifest by presenting electronically, allow the same to be delivered in any other manner	Now it is compulsory to file Export Manifest electronically prior to departure of vessel / aircraft. Commissioner of Customs can condone this requirement in case it is not possible to file the electronically.
SEC 47	Interest on delayed payment of duties after return of BoE to Importer for payment of duties	The importer is required to pay duties within 5 working days from the date of return of BoE for payment of duties	The importer is required to pay duties within 2 working days from the date of return of BoE for payment of duties	Considering the online payment of duties the time allowed for payment of custom duties has been reduced from 5 days to 2 days otherwise interest will be applicable after 2 days.
SEC 49	Storage of Imported Goods in warehouse pending clearance	No time limit is specified for storage in Public warehouse	Time limit of 30 has been specified for storage of goods pending clearance. Further extension provision for another 30 days subject to approval of Commissioner.	Time limit of 30 has been specified for storage of goods pending clearance for home consumption with which the importer will be required to clear the goods. This time limit can be further extended by the Commissioner for period 30 days.

Section No. / Rule No.	Nature of Amendment	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
SEC 69	Clearance of Warehoused goods for exports	a shipping bill or a bill of export in the prescribed form has been presented in respect of such goods	a shipping bill or a bill of export in the prescribed form or a label or declaration accompanying the goods as referred to in section 82 has been presented in respect of such goods	Import Duty exemption can be claimed on goods warehoused and exported by post. Earlier it was compulsory to file Shipping Bill / Bill of export to claim the exemption.
SEC 104	Power to Arrest	All the Offences under the act shall be bailable	Notwithstanding anything contained in the Code of Criminal Procedure, 1973, an offence punishable under section 135 relating to- (a) evasion or attempted evasion of duty exceeding fifty lakh rupees; or (b) prohibited goods notified under section 11 which are also notified under sub-clause (C) of clause (i) of sub-section (1) of section 135; or (c) import or export of any goods which have not been declared in accordance with the provisions of this Act and the market price of which exceeds one crore rupees; or (d) fraudulently availing of or attempt to avail of drawback or any exemption from duty provided under this Act, if the amount of drawback or exemption from duty exceeds fifty lakh rupees, shall be non-bailable. (7) Save as otherwise provided in sub-section (6), all other offences under this Act shall be bailable	Alleged offences listed in a, b, c, d will be treated as cognizable offence and hence non-bailable though intention is good but considering existing bureaucracy it may be used as coercion, adverse collection drive, harassment and .....
SEC 129B	Order of Appellate Tribunal -	NA	Provided also that where such appeal is not disposed of within the period specified in the first proviso, the Appellate Tribunal may, on an application made in this behalf by a party and on being satisfied that the delay in disposing of the appeal is not attributable to such party, extend the period of stay to such further period, as it thinks fit, not exceeding one hundred and eighty-five days, and in case the appeal is not so disposed of within the total period of three hundred and sixty-five days from the date of order referred to in the first proviso, the stay order shall, on the expiry of the said period, stand vacated."	Tribunal can extend stay period by another 185 days (over and above existing 180 days) subject to delay in disposing the appeal is not attributable to Assessee. However in case the appeal is not disposed within period of 365 days then the stay order stands vacated and recovery proceeding will be initiated against the assessee.
SEC 129C	Monitory Limit for disposing appeal in case of Single bench	Single member bench can decide the cases where the demand / refund is not exceeding 10 Lakh except for dispute for classification / valuation	Single member bench can decide the cases where the demand / refund is not exceeding 50 Lakh except for dispute for classification / valuation	The monitory limit for disposing appeal in case of Single bench has been increased from 10 Lakh to 50 Lakh except for dispute for classification / valuation
SEC 135	Monitory Limit for Duty evasion under Sec 135	When evasion or attempted evasion exceeding 30 Lakh or fraudulently availing drawback or exemption exceeding 30 lakhs are liable for imprisonment upto 7 years with fine	When evasion or attempted evasion exceeding 50 Lakh or fraudulently availing drawback or exemption exceeding 50 lakhs are liable for imprisonment upto 7 years with fine	Amount has been increased from 30 lakhs to 50 lakhs.

Section No. / Rule No.	Nature of Amendment	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
SEC 142	Recovery of sums due to Government	NA	Recovery of dues from any other person from whom money is due / payable to the defaulter person.	Power has been given to Customs Officer to issue the notice in writing to a person from whom the money is due or may become due or who may subsequently hold the money or account of such person to pay the credit of the Central Government either forthwith upon money becoming due or within the time specified in the notice to pay the amount due from such person and such person shall be bound to comply with such notice in particular when the notice is issued to post office, banks, insurer, deposit receipts, or any other documents. In other words, such amount due can be recovered directly by issuing notice to bankers, post offices, insurance companies or mutual fund companies or any deposit holders.
SEC 143A	Duty Deferment	Duty deferment was allowed on case of import under advance authorization category against bond and surety	Omitted	Since notification relating to advance authorization includes the provision of bond and surety and bond can be invoked anytime on fulfillment of export obligation fully or partially or any of the violation of the terms of the notification, the provision had become redundant and hence omitted.
SEC 144	Duty Chargeable on sample taken for inspection	Duty exempted if the duty amount exceeds 5 Rs	The limit of Rs 5 has been removed	Now no duty will be payable on goods taken as sample for inspection which gets consumed or destroyed.
SEC 146 & 146A	License for customs brokers	License for Custom House Agent	The new provision related to Custom House Service providers has been notified	Considering the new regime of "Self Assessment" under Customs, the nomenclature "Custom House Agents" have been changed to "Custom Brokers". Hope they do not become brokers of customs officer.
SEC 146A	Appearance by Authorised representatives	NA	Person defaulter under Finance Act, 1994 will not be eligible to appear as authorized representative of the assessee	Any person if defaulted in payment of service tax they will be disqualified to represent and therefore consultants and CHA will have to ensure that they are not defaulters under service tax.
SEC 147	Liability of Principal and agent	The agent will be deemed to be the owner of the goods.	The agent will be deemed to be the owner of the goods and will also be liable to any liability under the Customs Act	Liability under the Customs Act, 1962 has been extended to the Agent of the principal. CHA/customs brokers are deemed to be importers and hence duty liability will be casted on them if importers have evaded the duty or fraudulently availed drawback and disappeared.

## CENTRAL EXCISE-TARIFF

Chapter / Tariff Head	New Notification No.	Existing Notification	Amendment in Existing / New Notification	Author's Analysis
72	05/2013	17/2007	Increase the compound levy rate of duty for Stainless pattis/pattas from Rs30,000/- to Rs 40,000/- per cold rolling machine per month.	Increase in the rate of duty by additional Rs. 10,000/- per cold rolling machine, per month.
85	06/2013	20/2011	Notification No 20/2011 has been rescinded.	Rate of duty on Mobile handsets including Cellular phones of MRP exceeding Rs 2,000/- will be 6% to give effect to notification no. 12/2013
	07/2013	49/2003 and 50/2003	Exemption to intermediate goods captively consumed in the manufacture of final product mentioned in annexure of the said notifications by units availing Area Based Exemption in the State of Himachal Pradesh and Uttarakhand.	There will be exemption from excise duty even for the manufactured intermediate goods consumed captively.
61, 62 and 63 (except 63090000 and 6310)	08/2013	07/2012	Proposes 6% rate of excise duty on brandedreadymade garments and made ups of cotton, not containing any other textile materials.	Benefit of Concessional rate of duty is extended even for the Branded readymade garments and made ups of cotton.
57, 8901, 8904, 8905 and 8906 90 00	09/2013	01/2011	Notification No. 1/2011- CE, dated the 1st March, 2011 is amended to omit the entry relating to carpets and other textile flooring coverings of coir and jute, ships, tugs and pusher crafts and other vessels.	The rate of excise duty for the chapters specified will be nil as per virtue of notification no 12/2013.
57	10/2013	02/2011	Notification No. 2/2011-CE, dated the 1st March, 2011, is amended to omit the entry relating to handmade carpets and other carpets and floor coverings of Jute and Coir.	The rate of excise duty for the chapter specified will be nil as per virtue of notification no 12/2013.
	11/2013	30/2004		Already "All Goods" are mentioned under the serial No. 16. Therefore goods falling under Chapter 61, 62 63 except for 6307.10 are totally exempted from payment of Central Excise Duty.
87 and 8703	12/2013	12/2012	In the proviso, for the words "31st of March 2013", the words "31st of March 2015" shall be substituted	Benefit of concessional excise duty of 6% granted to specified parts of hybrid and electric vehicles, extended by 2 more years upto 31st March 2015
1108 19	12/2013	12/2012	Insertion of new serial 8A.	Benefit of nil rate of duty given for manufacture of Tapioca starch manufactured and captively consumed in the manufacture of Tapioca Sago (Sabudana)
2008 11 00	12/2013	12/2012	Insertion of new serial 13A	Benefit of nil rate of duty given for manufacture of Peanut Butter.
1903 00 00	12/2013	12/2012	Insertion of new serial 24A	Benefit of nil rate of duty given for manufacture of Tapioca Sago (sabudana).
2515 12 20 2515 12 90 6802 21 10 or 6802 21 90	12/2013	12/2012	Rate of duty, for the words "Rs. 30 per square meter" , "Rs. 60 per sq meter" shall be substituted	Basic Excise Duty for Marble slabs and tiles will be Rs. 60 per sq meter. Rate of excise duty has been enhanced by 100%
2503 00 10	12/2013	12/2012	Explanation inserted i.e "Fertilizers shall include bentonitesulphur"	Benefit of nil rate of duty given to Bentonitesulphur used as fertilizer.

Chapter / Tariff Head	New Notification No.	Existing Notification	Amendment in Existing / New Notification	Author's Analysis
33	12/2013	12/2012	Words "Hennapowder" is substituted by "Henna powder or paste"	Benefit of nil rate of duty is extended to Henna paste form.
39	12/2013	12/2012	"Urea formaldehyde resins or binders captively consumed within the factory of production, in the manufacture of particle board". This entry is omitted.	Captive consumption exemption is removed from existing notification and given in notification 07/2013.
57	12/2013	12/2012	Insertion of serial 173A	Benefit of Nil rate of duty is extended to 1) Handmade carpets 2) Carpets and other textile floor coverings 3) Other Carpets and other textile floor coverings of coir or jute.
71	12/2013	12/2012	Insertion of serial 191A	Excise duty @ 4% is being imposed on silver produced or manufactured during the process of zinc or lead smelting.
7106 10 00 7106 91 00 or 7106 92 90	12/2013	12/2012	Words "Silver, other than silver mentioned in Sl.Nos.190 and 191" is substituted by "Silver, other than silver mentioned in Sl.Nos.190, 191 and 191A"	The rate of excise duty will be 4% by virtue of this amendment
7323 or 7615 10 11	12/2013	12/2012	Chapter 7615 19 10 is substituted by 7615 10 11	Since the chapter heading 76151910 is not existing, correction has been made. The assessee who have availed the exemption on Pressure Cookers falling under chapter heading 76151910, since it would amount to availment of incorrect exemption.
7409	12/2013	12/2012	Explanation inserted i.e "Copper means copper and copper alloys including brass"	Copper for the purpose of concessional rate of duty shall mean to be copper and copper alloys including brass.
8517	12/2013	12/2012	Insertion of serial 263A	Rate of duty of 6% for mobile handsets including cellphones is effected through this entry.
87	12/2013	12/2012	Insertion of the words " Sports Utility vehicle specified at S No 284A" as an exception for entry at item (iii)	Amendment has been done to give effect of increase in rate of excise duty from 27% to 30% in case of Motor vehicle popularly known as SUV by virtue of insertion of S. No 284A
8702 and 8703	12/2013	12/2012	Substitution of words"(ii) Motor vehicles of engine capacity exceeding 1500 cc" by "(ii) Motor vehicles of engine capacity exceeding 1500 cc other than motor vehicle specified against entry at S No 284A"	Amendment has been done to give effect of increase in rate of excise duty from 27% to 30% in case of Motor vehicle popularly known as SUV by virtue of insertion of S. No 284A
8703	12/2013	12/2012	Insertion of S. No 284A	Increase in rate of excise duty by from 27% to 30% for motor vehicles of engine capacity exceeding 1500 cc ,length exceeding 4000mm and having ground clearance of 170 mm and above which is popularly known as SUV
8706 00 42	12/2013	12/2012	Chassis fitted with engines for Motor vehicles for transport of goods other than petrol driven falling under 8706 00 42 is omitted	The motor vehicles falling this chapter heading are inserted under the new serial no. "292B" for the reduction of rate of excise duty from 14% to 13%.

Chapter / Tariff Head	New Notification No.	Existing Notification	Amendment in Existing / New Notification	Author's Analysis
8706 00 42	12/2013	12/2012	Insertion of new S No 292B	Reduction in rate of excise duty from 14% to 13% in case of "Chassis fitted with engines for the motor vehicles for transport of goods other than petrol driven."
8901	12/2013	12/2012	Ships tugs and pusher craft dredger and other vehicles falling under the chapter 8901 is omitted.	Ships tugs and pusher craft dredger and other vehicles inserted under the serial no. "306A" for the unconditional exemption.
8901, 8904, 8905 and 8906 90 00	12/2013	12/2012	Insertion of new S No 306A	Benefit of nil rate of duty extended to all goods falling under mentioned chapter, unconditionally.
2402 20 20, 2402 20 40, 2402 20 50, 2402 20 60, 2402 20 90	–	–	Basic excise duty on cigarettes and other products of tariff heading 2402 is being increased	Excise duty rate on Non filter Cigar, Cheroots & Cigarillos exceeding 65 mm but less than 70 mm in length has increased from Rs. 1,463 per thousand to Rs. 1,772 per thousand. Duty rate on filter Cigar, Cheroots & Cigarillos exceeding 65 mm but less than 70 mm in length has increased from Rs. 1,034 per thousand to Rs. 1,249 per thousand. On filter Cigar, Cheroots & Cigarillos exceeding 70 mm but less than 75 mm in length has increased from Rs. 1,463 per thousand to Rs. 1,772 per thousand. On filter Cigar, Cheroots & Cigarillos exceeding 75 mm but less than 85 mm in length has increased from Rs. 1,974 per thousand to Rs. 2,390 per thousand. And On other filter Cigar, Cheroots & Cigarillos has increased from Rs. 2,373 per thousand to Rs. 2,875 per thousand.
2402 10 10, 2402 10 20, 2402 90 10, 2402 90 20, 2402 90 90	–	–	Basic excise duty on cigarettes and other products of tariff heading 2402 is being increased	Excise duty rate on Cigar, Cheroots & Cigarillos has increased from Rs. 1,370 per thousand to Rs. 1,781 per thousand. Duty rate on Cigarettes of Tobacco substitutes increased from Rs. 1,258 per thousand to Rs. 1,511 per thousand. Duty percentage on Cigarillos Substitutes has increased from 10% to 12% & the duty rate changed from Rs. 1,473 per thousand to Rs. 1,738 per thousand.

## CEP REPORT

On 9th & 23rd February, WIRC organized CEP on "New Companies Bill" at Thane SMFC & IMC, Churchgate respectively. CS A.Sekar was the faculty for the programme.

On 18th February, WIRC organized seminar on "Cost Audit and Cost Compliance - A practical Approach (With case studies). CMA Ravi Sahni, was the faculty for the programme

On 1st & 2nd March, WIRC organized CEP on Union Budget - Direct Tax at Thane SMFC & Borivli SMFC respectively. CA Shripad Kabadi was the faculty for the programme.

Large number of members attended the programme.

## CENTRAL EXCISE ACT AND RULES

Sec.No. /R.No.	Amendment Effective Date	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
Section 9	After receiving the assent from the President of India to the Finance Bill	Offences and penalties.	Offences and penalties for contravention of Section 8, evasion of payment of duty, clandestine removal, possession of or dealing in transporting, depositing, skipping, concealing, selling etc. of the goods, which liable for confiscation, wrong availment & utilization of Cenvat credit, non-supply of information & documents or abetting for above, amounting to evasion more than 50 Lakhs imprisonment upto 7 years.	Earlier period of imprisonment has been extended from 3 years to 7 years.
Section 9A	After receiving the assent from the President of India to the Finance Bill	Non-cognizable Offences	For the offences and penalties as mentioned above in Section 9, if the amount is upto 50 Lakhs, it is non-cognizable offence and if it exceeds 50 Lacs, it is cognizable offence & non-bailable.	Draconian provision, which will be used for un-due collection of duty, coercion and harassment with .....
Section 11	After receiving the assent from the President of India to the Finance Bill	Recovery of sums due to Government	Recovery of sums due to the Government can be recovered by attaching property under Section 142 of Customs Act and disposing the same and pay the balance amount to the assessee. Now if balance is not sufficient, the amount to be recovered in any manner.	"Deduct" has been replaced with "deduct or may recover the amount".
Section 11 (2) has been inserted	After receiving the assent from the President of India to the Finance Bill	New provision	<p>"(2) (i) The Central Excise Officer may, by a notice in writing, require any other person from whom money is due to such person, or may become due to such person, or who holds or may subsequently hold money for or on account of such person, to pay to the credit of the Central Government either forthwith upon the money becoming due or being held, or at or within the time specified in the notice, not being before the money becomes due or is held, so much of the money as is sufficient to pay the amount due from such person or the whole of the money when it is equal to or less than that amount;</p> <p>(ii) every person to whom a notice is issued under this sub-section shall be bound to comply with such notice, and in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary to produce any pass book, deposit receipt, policy or any other document for the purpose of any entry, endorsement or the like being made before payment is made, notwithstanding any rule, practice or requirement to the contrary;</p> <p>(iii) in a case where the person to whom a notice under this sub-section has been issued, fails to make the payment in pursuance thereof to the Central Government, he shall be deemed to be a person from whom duty and any other sums of any kind payable to the Central Government under any of the provisions of this Act or the rules made thereunder have become due, in respect of the amount specified in the notice and all the consequences under this Act shall follow."</p>	Power has been given to Central Excise Officer to issue the notice in writing to a person from whom the money is due or may become due or who may subsequently hold the money or account of such person to pay the credit of the Central Government either forthwith upon money becoming due or within the time specified in the notice to pay the amount due from such person and such person shall be bound to comply with such notice in particular when the notice is issued to post office, banks, insurer, deposit receipts, or any other documents. In other words, such amount due can be recovered directly by issuing notice to bankers, post offices, insurance companies or mutual fund companies or any deposit holders.



Sec.No. /R.No.	Amendment Effective Date	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
Section 11A (7A)	After receiving the assent from the President of India to the Finance Bill	New Provision	"(7A) Notwithstanding anything contained in sub-section (1) or sub-section (3) or sub-section (4) or sub-section (5), the Central Excise Officer may, serve, subsequent to any notice or notices served under any of those sub-sections, as the case may be, a statement, containing the details of duty of central excise not levied or paid or short-levied or short-paid or erroneously refunded for the subsequent period, on the person chargeable to duty of central excise, then, service of such statements shall be deemed to be service of notice on such person under the aforesaid sub-section (1) or subsection (3) or sub-section (4) or sub-section (5), subject to the condition that the grounds relied upon for the subsequent period are the same as are mentioned in the earlier notice or notices."	Similar provision which was incorporated in Finance Bill with effect from 1st July 2012 w.r.t. Service Tax has been made applicable to Central Excise. It means if one show-cause-notice has been issued, subsequently only a statement will be issued, which will be deemed to be treated as issuance of show-cause-notice under Section 11A.
Section 11DDA		<p>Provisional attachment to protect revenue in certain cases -</p> <p>(1) Where, during the pendency of any proceedings under section 11A or section 11D, the Central Excise Officer is of the opinion that for the purpose of protecting the interest of revenue, it is necessary so to do, he may, with the previous approval of the Commissioner of Central Excise, by order in writing, attach provisionally any property belonging to the person on whom notice is served under sub-section (1) of section 11A or sub-section (2) of section 11D, as the case may be, in accordance with the rules made in this behalf under section 142 of the Customs Act, 1962 (52 of 1962).</p> <p>(2) Every such provisional attachment shall cease to have effect after the expiry of a period of six months from the date of the order made under sub-section (1):</p> <p>Provided that the Chief Commissioner of Central Excise may, for reasons to be recorded in writing, extend the aforesaid period by such further period or periods as he thinks fit, so, however, that the total period of extension shall not in any case exceed two years:</p> <p>Provided further that where an application for settlement of case under section 32E is made to the Settlement Commission, the period commencing from the date on which such application is made and ending with the date on which an order under sub-section (1) of section 32F is made shall be excluded from the period specified in the preceding proviso.</p>	<p>Provisional attachment to protect revenue in certain cases -</p> <p>(1) Where, during the pendency of any proceedings under section 11A or section 11D, the Central Excise Officer is of the opinion that for the purpose of protecting the interest of revenue, it is necessary so to do, he may, with the previous approval of the Commissioner of Central Excise, by order in writing, attach provisionally any property belonging to the person on whom notice is served sub-section (2) of section 11D, as the case may be, in accordance with the rules made in this behalf under section 142 of the Customs Act, 1962 (52 of 1962).</p> <p>(2) Every such provisional attachment shall cease to have effect after the expiry of a period of six months from the date of the order made under sub-section (1) Provided that the Chief Commissioner of Central Excise may, for reasons to be recorded in writing, extend the aforesaid period by such further period or periods as he thinks fit, so, however, that the total period of extension shall not in any case exceed two years :</p> <p>Provided further that where an application for settlement of case under section 32E is made to the Settlement Commission, the period commencing from the date on which such application is made and ending with the date on which an order under sub-section (1) of section 32F is made shall be excluded from the period specified in the preceding proviso.</p>	This provision has been in-applicable to the cases where demand is confirmed without invoking larger period.

Sec.No. /R.No.	Amendment Effective Date	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
Section 20		Procedure to be followed by officer-in-charge of police station.- The officer-in-charge of a police station to whom any person is forwarded under section 19 shall either admit him to bail to appear before the Magistrate having jurisdiction, or in default of bail forward him in custody to such Magistrate.	Procedure to be followed by officer-in-charge of police station.- The officer-in-charge of a police station to whom any person is forwarded under section 19 shall where offence is non-cognizable either admit him to bail to appear before the Magistrate having jurisdiction, or in default of bail forward him in custody to such Magistrate.	Bail can be granted only for non- cognizable offence. Cognizable offences will be non-bailable.
Section 23A		Definitions. - (a) "activity" means production or manufacture of goods;	Definitions. - (a) "activity" means production or manufacture of goods; and includes any new business of production to manufacture proposed to be undertaken by the existing producer or the manufacturer as the case may be	Scope of the Rule has been enhanced so as to new business of manufacture even by existing manufacturer
Section 23C		Application for advance ruling was earlier for admissibility of Credit of duty	Now, it can be also for admissibility of Credit of duty of Service tax paid or deemed to be have paid on Input services or Excise Duty	Scope of advance Ruling has been extended
Section 23F		Advance ruling to be void in certain circumstances - earlier Section 28I was mentioned where advance ruling was not applicable.	Advance Ruling to be void in case of provision of Section 23D	
Section 35C (2A)	New Provision		"Provided also that where such appeal is not disposed of within the period specified in the first proviso, the Appellate Tribunal may, on an application made in this behalf by a party and on being satisfied that the delay in disposing of the appeal is not attributable to such party, extend the period of stay to such further period, as it thinks fit, not exceeding one hundred and eighty-five days, and in case the appeal is not so disposed of within the total period of three hundred and sixty-five days from the date of order referred to in the first proviso, the stay order shall, on the expiry of the said period, stand vacated."	Period has been extended to 365 days from the date of receipt of order otherwise stay order will be vacated. In other words, if Appeal is not disposed off within one year from the date of receipt of order, Department may start recovery proceedings.
Section 35D		Procedure of Appellate Tribunal - Earlier, dispute amounting to Rupees not exceeding Rs. 10 lakhs and disputes other than classification and valuation to be heard by Single Member.	Now, dispute amounting to Rupees not exceeding Rs. 50 lakhs and disputes other than classification and valuation to be heard by Single Member	Limit has been enhanced from Rs. 10 lakhs to 50 lakhs
Section 37C	–	Service of decisions, orders, summons, etc. - Earlier only through Regd. Post AD was considered to be proper Service and such acknowledgment by post office was considered as proper service	Now, decisions, orders, summons, etc can be served through post Regd. AD or through speed post or courier approved by CBEC. POD from courier is also considered as proper service.	

Notification no.	Earlier principal notification if any	Existing Provision	Summary of Changes	Author's Analysis
01/2013 dated 01.03.2013	49/2008 dated 24.12.2008	<p>1. Medicaments (including those used in Ayurvedic, Unani, Siddha, Homeopathic or Bio-chemic systems), manufactured exclusively in accordance with the formulae described in the authoritative books specified in the First Schedule to the Drugs and Cosmetics Act, 1940 (23 of 1940) or Homeopathic Pharmacopoeia of India or the United States of America or the United Kingdom or the German Homeopathic Pharmacopoeia, as the case may be, and sold under the name as specified in such books or pharmacopoeia</p> <p>2. Pressure Cooker falling under chapter heading 7323 or 76151910</p>	<p>(i) Medicaments exclusively used in Ayurvedic, Unani, Siddha, Homeopathic or Bio-chemic systems, manufactured in accordance with the formulae described in the authoritative books specified in the First Schedule to the Drugs and Cosmetics Act, 1940 (23 of 1940) or Homeopathic Pharmacopoeia of India or the United States of America or the United Kingdom or the German Homeopathic Pharmacopoeia, as the case may be, and sold under the name as specified in such books or pharmacopoeia;</p> <p>(ii) Medicaments exclusively used in Ayurvedic, Unani, Siddha, Homeopathic or Bio-chemic systems and sold under a brand name</p> <p>Pressure Cooker falling under Chapter Heading 7323 or 7651011</p>	
02/2013 dated 01.03.2013 Rule 7 Sub-rule 5 of Central Excise Rules 2002		Where the assessee is entitled to a refund consequent to order for final assessment under sub-rule (3), subject to sub-rule (6), there shall be paid an interest on such refund at the rate specified by the Central Government by notification issued under section 11BB of the Act from the first day of the month succeeding the month for which such refund is determined, till the date of refund	Where the assessee is entitled to a refund consequent to an order of final assessment under sub-rule (3), then, subject to sub-rule (6), there shall be paid an interest on such refund as provided under section 11BB of the Act:	Interest on duty paid under provisional assessment under Rule 7 of central Excise Rule 2002 to be calculated from the date immediately after the expiry of three months, from the date of receipt of such application till the date of refund of such duty instead of from the first day of the month succeeding the month for which such refund is determined. In other words, earlier interest was payable after finalization of Assessment, whereas now interest would be payable after three months from the date of application
03/2013 dated 01.03.2013 Cenvat Credit Rules 2004, Rule 3, sub rule 5B			In the CENVAT Credit Rules, 2004 (hereinafter referred to as the said rules), in rule 3, after the proviso to sub-rule 5B, the following shall be inserted, namely:- "Explanation. - If the manufacturer of goods or the provider of output service fails to pay the amount payable under sub-rules (5), (5A), and (5B), it shall be recovered, in the manner as provided in rule 14, for recovery of CENVAT credit wrongly taken."	New introduction of Cenvat Credit (Amendment) Rules 2013 to remove the anomaly, which was left in certain cases like Cenvat reverse on account of removal of capital goods as such or as waste and scrap, write off of inputs and capital goods. In such cases, recovery of Cenvat under Rule 14 can be made.
4/2013 dated 01.03.2013 Section 23A (c) (iii) - Advance Ruling		A resident falling within any such class or category of persons, as the Central Government may, by notification in the Official Gazette, specify in this behalf, and which or who, as the case may be, makes application for advance ruling under sub-section (1) of section 23C;	The Central Government hereby specifies "the resident public limited company" as class of persons for the purposes of the said clause. Explanation. - For the purposes of this notification, - (a) "public limited company" shall have the same meaning as is assigned to "public company" in clause (iv) of sub-section (1) of section 3 of the Companies Act, 1956 (1 of 1956) and shall include a private company that becomes a public company by virtue of section 43A of the said Act; (b) "resident" shall have the same meaning as is assigned to it in clause (42) of section 2 of the Income-tax Act, 1961 (43 of 1961) in so far as it applies to a company.	Advance Ruling Facility can be enjoyed by Public limited Company including Private Limited Company that becomes the Public Limited Company u/s 43A of the Companies Act, 1956 and the resident having the meaning as per 2(42) of Income Tax Act, 1961.

## SERVICE TAX

Section/ Rule No.	Amendment Effective Date	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
65 B(11)	After receiving the assent from the President of India to the Finance Bill	Definition of Vocational Education Course	<p>1. Scope of Definition has been enhanced to include the courses approved by State Council for Vocation Training.</p> <p>2. Word 'OR' has been omitted which was between 65B (11) I &amp; II</p> <p>3. Vocational Course run by an Institute affiliated to National Skill Development Corporation set up Government of India has been omitted</p>	<p>Definition of Approved Vocational Education Course has been enhanced so as to include courses approved by State Council for Vocation Training.</p> <p>Since Vocational Course run by Skill Development Corporation are already covered under a Modular Employable Skill Course approved by the National Skill of Vocational Training, there is no need of separate provision for 65 B(11) (III).</p> <p>Vocational Education Course has been included in the Negative List of Services.</p>
65 B(40)	After receiving the assent from the President of India to the Finance Bill	"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;	"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 the Medicinal & Toilet Preparations (Excise Duties) Act, 1955 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;	<p>Scope of the definite has been enhanced so as to include the products covered under the Medicinal &amp; Toilet Preparations (Excise Duties) Act, 1955</p> <p>Processes on which duties of excise are levied under allied enactment specified in Appendix III of CETA continue to be liable for service tax.</p>
66B	After receiving the assent from the President of India to the Finance Bill	Explanation to Section 66B was inserted vide notification no. 42/2012 ST dated 29.06.2012 w.r.t. clarity on specified services and place of removal in case of rebate of service tax can be granted by way of refund of service tax.	Explanation stands to be omitted.	
66BA	After receiving the assent from the President of India to the Finance Bill	New Provision	<p>(1) For the purpose of levy and collection of service tax, any reference to section 66 in the Finance Act, 1994 or any other Act for the time being in force, shall be construed as reference to section 66B thereof.</p> <p>7(2) The provisions of this section shall be deemed to have come into force on the 1st day of July, 2012."</p>	<p>For the purpose of levy and collection of service tax, all the categories of services mentioned earlier in 66 of Finance Act are reinstated through Sec 66BA with effect from 1st July 2012.</p> <p>The issue was raised with respect to Rate of Tax during the period 1st April 2012 to 30th June 2012 since Section 66B was newly inserted, which has been made effective from Finance Act after receiving the assent of the Present. Therefore, the said amendment has been made retrospectively with effect from 1st July 2012.</p>
66D (d) (1)	After receiving the assent from the President of India to the Finance Bill	(d) services relating to agriculture by way of- i. agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or seed testing;	(d) services relating to agriculture by way of- i. agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;	Earlier the testing of seed was only covered under Negative List. However, now any type of testing on agricultural produce / process including seed testing will be covered under Negative List.

Section/ Rule No.	Amendment Effective Date	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
73 (2A)	After receiving the assent from the President of India to the Finance Bill	New Provision	"(2A) Where any appellate authority or tribunal or court concludes that the notice issued under the proviso to sub-section (1) is not sustainable for the reason that the charge of,- (a) fraud; or (b) collusion; or (c) willful misstatement; or (d) suppression of facts; or (e) contravention of any of the provisions of this Chapter or the rules made thereunder with intent to evade payment of service tax, has not been established against the person chargeable with the service tax, to whom the notice was issued, the Central Excise Officer shall determine the service tax payable by such person for the period of eighteen months, as if the notice was issued for the offences for which limitation of eighteen months applies under sub-section (1)."	Any Show-cause-Notice is issued unnecessarily invoking the larger period and confirmed by Appellate Authority including Tribunal even then minimum 18 months demand will prevail considering as if Notice was issued for the Offence for which the limitation of 18 months applies under Section 73 (1). As such there was no need of such specific provision.
77 (1) (a)	After receiving the assent from the President of India to the Finance Bill	77. Penalty for contravention of rules and provisions of Act for which no penalty is specified elsewhere. - (1) Any person,- (a) who is liable to pay service tax, or required to take registration, fails to take registration in accordance with the provisions of section 69 or rules made under this Chapter shall be liable to pay a penalty which may extend to 2 [ten thousand rupees] or two hundred rupees for every day during which such failure continues, whichever is higher, starting with the first day after the due date, till the date of actual compliance;	"(a) who is liable to pay service tax or required to take registration, fails to take registration in accordance with the provisions of section 69 or rules made under this Chapter shall be liable to a penalty which may extend to ten thousand rupees;"	Penalty amount has been enhanced from Rs. 2,000/- to Rs. 10,000/- for not obtaining Service Tax Registration.
78A	After receiving the assent from the President of India to the Finance Bill	New Provision	"78A. Where a company has committed any of the following contraventions, namely:- (a) evasion of service tax; or (b) issuance of invoice, bill or, as the case may be, a challan without provision of taxable service in violation of the rules made under the provisions of this Chapter; or (c) availment and utilization of credit of taxes or duty without actual receipt of taxable service or excisable goods either fully or partially in violation of the rules made under the provisions of this Chapter; or (d) failure to pay any amount collected as service tax to the credit of the Central Government beyond a period of six months from the date on which such payment becomes due, then any director, manager, secretary or other officer of such company, who at the time of such contravention was in charge of, and was responsible to, the company for the conduct of business of such company and was knowingly concerned with such contravention, shall be liable to a penalty which may extend to one lakh rupees."	Director, manager, secretary or other officer of such company, who are looking after Service Tax function and conduct of the business will be held personally responsible for contravention and penalty upto one lakh rupees will be imposed on each of them.

Section/ Rule No.	Amendment Effective Date	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
83	After receiving the assent from the President of India to the Finance Bill	83. Application of certain provisions of Act 1 of 1944-The provisions of the following section of the 8[Central Excise Act, 1944],as in force from time to time, shall apply, so far as may be, in relation to servicetax as they apply in relation to a duty of excise:-9 [9A, 9AA, 9B, 9C, 9D, 9E, 11B, 11BB, 11C, 12, 12A,12B, 12C, 12D,10(12E, 14, 15, 31, 32, 32A to 32P (both inclusive), 33A, 34A, 35EE, 35F)] 11 [35FE] to35O (both inclusive), 35Q,12 [35R,] 36,36A,37A, 37B, 37C, 37D13[38A] and 40.14 [83A Power of adjudication.Where under this Chapter or the rules made thereunder any person is liable to a penalty, such penalty may be adjudgedby the Central Excise Officer conferred with such power as the Central Board of Excise and Customs constituted under the Central Boards of Revenue Act,1963 (54 of 1963), may, by notification in the Official Gazette, specify.]	83. Application of certain provisions of Act 1 of 1944-The provisions of the following section of the 8[Central Excise Act, 1944],as in force from time to time, shall apply, so far as may be, in relation to servicetax as they apply in relation to a duty of excise:-9[9A (2), 9AA, 9B, 9C, 9D, 9E, 11B, 11BB, 11C, 12, 12A,12B, 12C, 12D,10(12E, 14, 15, 31, 32, 32A to 32P (both inclusive), 33A, 34A, 35EE, 35F)],11 [35FE] to35O (both inclusive), 35Q,12, [35R,] 36,36A,37A, 37B, 37C, 37D13 [38A] and 40.14 [83A Power of adjudication.Where under this Chapter or the rules made thereunder any person is liable to a penalty, such penalty may be adjudgedby the Central Excise Officer conferred with such power as the Central Board of Excise and Customs constituted under the Central Boards of Revenue Act,1963 (54 of 1963), may, by notification in the Official Gazette, specify.]	Offences under Section 9 will not be treated as Non-cognizable Offence for the purpose of taking the criminal action for violation of Service Tax. Section 9 covers offences and penalties for evasion of duty, wrong availment of Cenvat Credit, non-supply of information and attempting to commit the offences. These offences will be under Cognizable Offence, which is having prosecution provision.
86 (5)	After receiving the assent from the President of India to the Finance Bill	86. Appeals to Appellate Tribunal (5) The Appellate Tribunal may admit an appeal or permit the filing of a memorandum of cross-objections after the expiry of the relevant period referred to in sub-section (3) or sub-section (4) if it is satisfied that there was sufficient cause for not presenting it within that period.	86. Appeals to Appellate Tribunal (5) The Appellate Tribunal may admit an appeal or permit the filing of a memorandum of cross-objections after the expiry of the relevant period referred to in sub-section (1) or sub-section (3) or sub-section (4) if it is satisfied that there was sufficient cause for not presenting it within that period.	Period of Filing Appeal / Cross objection before the Appellate Tribunal against Order-in-Original issued by the Commissioner was amended in 2012 and period was notified as 3 months and period of condonation for filing Appeal after the specified period was not provided earlier which is now corrected.
89 (1)	After receiving the assent from the President of India to the Finance Bill	89. Offences and Penalties.- (1)Whoever commits any of the following offences, namely,- 4["(a) knowingly evades the payment of service tax under this Chapter; or";] (b) avails and utilizes credit of taxes or duty without actual receipt of taxable service or excisable goods either fully or partially in violation of the rules made under the provisions of this Chapter; or(c) maintains false books of account or fails to supply any information which he is required to supply under this Chapter or the rules made thereunder or (unless with a reasonable belief, the burden of proving which shall be upon him, that the informationsupplied by him is true) supplies false information;or(d) collects any amount as service tax but fails to pay the amount so collected to the credit of the Central Government	"(i) in the case of an offence specified in clauses (a), (b) or (c) where the amount exceeds fifty lakh rupees, with imprisonment for a term which may extend to three years: Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for a term of less than six months; (ii) in the case of the offence specified in clause (d), where the amount exceeds fifty lakh rupees, with imprisonment for a term which may extend to seven years: Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for a term of less than six months; (iii) in the case of any other offences, with imprisonment for a term, which may extend to one year."	For the offences covered under sub-section 89 (1) (a) knowingly evades the payment of service tax under this Chapter (b) avails and utilizes credit of taxes or duty without actual receipt of taxable service or excisable goods either fully or partially in violation of the rules made under the provisions of this Chapter; or (c) maintains false books of account or fails to supply any information which he is required to supply under this Chapter or the rules made thereunder or (unless with a reasonable belief, the burden of proving which shall be upon him, that the information supplied by him is true) supplies false information; where amount exceeds fifty lakhs rupees, imprisonment for a term which may extend to three years

Section/ Rule No.	Amendment Effective Date	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
		beyond a period of six months from the date on which such payment becomes due, shall be punishable,- (i) in the case of an offence where the amount exceeds fifty lakh rupees, with imprisonment for a term which may extend to three years: Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for a term of less than six months; (ii) in any other case, with imprisonment for a term, which may extend to one year		For the offence covered under sec 89 (1) (d) collects any amount as service tax but fails to pay the amount so collected to the credit of the Central Government beyond a period of six months from the date on which such payment becomes due, where the amount exceeds fifty lakh rupees, with imprisonment for a term which may extend to seven years. Department made stringent punishment for the offence covered under Sec 89 (1) (d).
89 (2)	After receiving the assent from the President of India to the Finance Bill	(2) If any person convicted of an offence under this section is again convicted of an offence under this section, then, he shall be punishable for the second and for every subsequent offence with imprisonment for a term which may extend to three years: Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for a term less than six months.	"(2) If any person is convicted of an offence punishable under- (a) clause (i) or clause (iii), then, he shall be punished for the second and for every subsequent offence with imprisonment for a term which may extend to three years; (b) clause (ii), then, he shall be punished for the second and for every subsequent offence with imprisonment for a term which may extend to seven years."	If evasion of duty is more than Rs. 50.00 Lacs when collected from the Recipient of the Service but not deposited, then imprisonment can be upto 7 years instead of 3 years for each subsequent offence.
90	After receiving the assent from the President of India to the Finance Bill	New Provision	"90. (1) An offence under clause (ii) of sub-section (1) of section 89 shall be cognizable. (2) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, all offences, except the offences specified in sub-section (1), shall be non-cognizable and bailable.	Offence under Section 89 (1) (i) is non-cognizable whereas offence under Section 89 (1) (ii) is cognizable and non-bailable, it means if amount is collected but not deposited and amount exceeds Rs. 50.00 Lacs, it is a cognizable non-bailable.
91	After receiving the assent from the President of India to the Finance Bill	New Provision	91. (1) If the Commissioner of Central Excise has reason to believe that any person has committed an offence specified in clause (i) or clause (ii) of sub-section (1) of section 89, he may, by general or special order, authorize any officer of Central Excise, not below the rank of Superintendent of Central Excise, to arrest such person. (2) Where a person is arrested for any cognizable offence, every officer authorized to arrest a person shall, inform such person of the grounds of arrest and produce him before a magistrate within twenty-four hours. (3) In the case of a non-cognizable and bailable offence, the Assistant Commissioner, or the Deputy Commissioner, as the case may be, shall, for the purpose of releasing an arrested person on bail or otherwise, have the same powers and be subject to the same provisions as an officer in charge of a police station has, and is subject to, under section 436 of the Code of Criminal Procedure, 1973. (4) All arrests under this section shall be carried out in accordance with the provisions of the Code of Criminal Procedure, 1973 relating to arrests."	Power to Arrest has been given to the Officers of Central Excise subject to authorization from the Commissioner of Central Excise. In case of non-cognizable offence, AC / DC have got powers of the Police Officer as well as granting Bail.

Section/ Rule No.	Amendment Effective Date	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
95 (1J)	After receiving the assent from the President of India to the Finance Bill	New Provision	"(1J) If any difficulty arises in giving effect to section 93 of the Finance Act, 2013, in so far as it relates to amendments made by the Finance Act, 2013 in Chapter V of the Finance Act, 1994, the Central Government may, by an order published in the Official Gazette, not inconsistent with the provisions of this Chapter, remove the difficulty:  Provided that no such order shall be made after the expiry of a period of one year from the date on which the Finance Bill, 2013 receives the assent of the President."	In case of clarification on applicability of exemption, Central Government has been empowered to issue the clarification for removing difficulties through circulars.
99	–	New Provision	"99. Notwithstanding anything contained in section 66, as it stood prior to the 1st day of July, 2012, no service tax shall be levied or collected in respect of taxable services provided by the Indian Railways during the period prior to the 1st day of July, 2012, to the extent notices have been issued under section 73, up to the 28th day of February, 2013."	Special Provision provided to railways. No Service Tax is payable by Railways from the period 1st July 2012 to 28th February 2013.

### **SERVICE TAX VOLUNTARY COMPLIANCE ENCOURAGEMENT SCHEME, 2013**

FAQ	Answers
Date of implementation?	After receiving the assent from President of India to the Finance Bill
Scheme to whom it is applicable?	The person who has not paid the tax dues. Tax Dues means the service tax due or payable under the Chapter or any other amount due or payable under Section 73 A thereof for the period beginning from 1st day of October 2007 to 31st December 2012 including a CESS, leviable thereon under any other ACT for the time being in force but not paid as on 1st Day of March 2013
Who can make declaration?	<ol style="list-style-type: none"> <li>1. Registered Person.</li> <li>2. To whom no notice or any order under Section 72 &amp; 73A has been issued or made on or before 1st March 2013.</li> <li>3. Makes the True Declaration.</li> </ol>
Who cannot avail the Scheme?	<ol style="list-style-type: none"> <li>1. Person who has not filed ST-3 Returns.</li> <li>2. Notice or order issued to him for demanding the duty.</li> <li>3. Investigation is in progress.</li> <li>4. Audit has been initiated.</li> <li>5. Asked to furnish accounts, documents or any evidence.</li> <li>6. Who has received the summons.</li> <li>7. Who has been served the Notice of Search and Search is undertaken.</li> <li>8. Any of above is pending as on 1st March 2013.</li> </ol>
How to avail the benefit of the Scheme?	<ol style="list-style-type: none"> <li>1. Make the True Declaration.</li> <li>2. Do the correct and truthful assessment of Duty, otherwise it would tantamount to false declaration resulting in adjudication without immunity of interest and penalty.</li> <li>3. The Form and manner will be described by the Department.</li> <li>4. Designated Authority will acknowledge the same.</li> <li>5. The declarant will pay minimum 50% amount of tax dues on or before 31st December 2013 and submit the proof of payment to the Designated Authority.</li> <li>6. Balance amount of tax to be paid on or before 30th June 2014 and submit the evidence of payment.</li> <li>7. Declarant has to ensure to pay the service tax on regular basis on due date from 1st January 2014. In other words, the Declarant should comply all the provisions of service tax on regular basis, otherwise benefit under the scheme will not be granted.</li> </ol>



FAQ	Answers
What happens if the dues are not paid in time before 30th June 2014?	Amount not paid before 30th June 2014, payment can be made on or before 31st December 2014 along with interest at the prescribed rate. Interest will be calculated from the period 1st July 2014 till the time payment is made fully.
Whether compliance certificate is granted?	Yes, after furnishing the details of full payment, the designated Authority shall issue & acknowledgement of Discharge of Dues in the prescribed format.
What are the benefits under the Scheme?	Immunity from penalty, interest and other proceedings.
Whether after getting the Discharge Certificate, any subsequent action is initiated by the Department?	No, no matter will be re-opened, thereafter, in any proceedings before any authority or court relating to the period covered under such declaration. However, if the Commissioner of Central Excise has reason to believe that the declaration is false, then such belief has to be recorded in writing and show-cause-notice will be issued asking to pay the duties along with interest and penalty. Such findings to be recorded within one year from the date of declaration and the said date will be considered as Relevant Date for the purpose of limitation.
If declaration is made of higher amount and payment is also made of higher amount, whether refund is admissible?	No.
How to remove difficulties?	Government is empowered to issue clarification for removal of difficulties.
Whether Powers are vested to Government to make the rules?	Yes, rules prescribing formats and manners will be notified by the Government.

### **NEW NOTIFICATION ISSUED UNDER SERVICE TAX**

Notification No.	Amendment Effective Date	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
02/2013 ST	1st March 2013	Taxable value in case of construction of complex, building, civil structure intended for sale to a buyer wholly or partly except where entire consideration is received after issuance of completion certificate by the competent authority to be reckoned at 25% if no Cenvat on taxable inputs and input services not taken and value of land is included in the price.	Taxable value in case of construction of complex, building, civil structure intended for sale to a buyer wholly or partly except where entire consideration is received after issuance of completion certificate by the competent authority to be reckoned at 25% for the residential unit having carpet area upto 2,000 sq. ft. or where the amount is charged less than Rs. 1.00 Crore and in other cases, value to be reckoned at 30%, if no Cenvat on taxable inputs and input services not taken and value of land is included in the price.	For less than 2,000 sq. ft or value lesser than 1.00 Crores, the abatement will be 75% and in other cases, the abatement is reduced to 70%. Rich or common man situated in Metro will have to pay higher service tax.
03/2013 ST	1st March 2013	Services provided to or by an educational institution in respect of education exempted from service tax, by way of,- (a) auxiliary educational services; or (b) renting of immovable property;	Services provided to an educational institution in respect of education exempted from service tax, by way of,- (a) auxiliary educational services; or (b) renting of immovable property;	Exemption has been withdrawn and now Services provided by the Educational Institute with respect to auxiliary education services not recognized by the statutory courses or affiliation and renting of immovable property to any person will be taxable. Therefore, the Educational Institute will have to obtain new ST Registration.
03/2013 ST	1st March 2013	Temporary transfer or permitting the use or enjoyment of a copyright covered under clauses (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;	Services provided by way of temporary transfer or permitting the use or enjoyment of a copyright,- (a) covered under clause (a) of sub-section (1) of section 13 of the Copyright Act, 1957 (14 of 1957), relating to original literary, dramatic, musical or artistic works; or (b) of cinematograph films for exhibition in a cinema hall or cinema theatre;	Exemption has been removed for the services covered under Clause (b) of sub-section (1) of Section 13 of the Indian Copyright Act, 1957 and it is further restricted for cinematography film for exhibition in a cinema hall or cinema theatre. It means films produced on cables, TV channels, DVD etc. will be taxable.

Notification No.	Amendment Effective Date	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
03/2013 ST	1st March 2013	Services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess, other than those having (i) the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year, and (ii) a licence to serve alcoholic beverages	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;	All Air Conditioned Restaurants, Joints, Mess, Canteens will be covered under the tax ambit.
03/2013 ST	1st March 2013	Services by way of transportation by rail or a vessel from one place 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) defence or military equipment's; (d) postal mail or mail bags; (e) household effects; (f) newspaper or magazines registered with the Registrar of Newspapers; (g) railway equipment's or materials; (h) agricultural produce; (i) foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages; or (j) chemical fertilizer and oilcakes;	Items (a), (d) and (e) shall be omitted	Exemption has been withdrawn for the followings: (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) postal mail or mail bags; (c) household effects;
03/2013 ST	1st March 2013	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 for the transportation of goods 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;	Services provided by a goods transport agency, by way of transport in a goods carriage of - (a) agricultural produce; (b) goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees; (c) goods, where gross amount charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred fifty; (d) foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages; (e) chemical fertilizer and oilcakes; (f) newspaper or magazines registered with the Registrar of Newspapers; (g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or (h) defence or military equipment's;"	Scope of exemption has been extended to the Agricultural Produce -food stuff excluding alcoholic beverage, chemical, fertilizers, oilcakes, newspaper or magazines, relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap, defence or military equipment's.

Notification No.	Amendment Effective Date	Existing Provision	Amendment in Existing / New Provision	Author's Analysis
03/2013 ST	1st March 2013	Services by way of vehicle parking to general public excluding leasing of space to an entity for providing such parking facility;	Exemption withdrawn	Parking will be costlier.
03/2013 ST	1st March 2013	Services provided to Government, a local authority or a governmental authority by way of (a) carrying out any activity in relation to any function ordinarily entrusted to a municipality in relation to water supply, public health, sanitation conservancy, solid waste management or slum improvement and upgradation; or (b) repair or maintenance of a vessel or an aircraft;	Services provided to Government, a local authority or a governmental authority by way of - (a) carrying out any activity in relation to any function ordinarily entrusted to a municipality in relation to water supply, public health, sanitation conservancy, solid waste management or slum improvement and upgradation; or (b) repair or maintenance of a vessel;	Exemption has been withdrawn on repairs and maintenance of the aircraft.
03/2013 ST	1st April, 2013.	Definition of Charitable Institute - (iv) preservation of environment including watershed, forests and wildlife	The following definition has been omitted- (v) advancement of any other object of general public utility up to a value of,- (a) eighteen lakh and seventy five thousand rupees for the year 2012-13 subject to the condition that total value of such activities had not exceeded twenty five lakhs rupees during 2011-12; (b) twenty five lakh rupees in any other financial year subject to the condition that total value of such activities had not exceeded twenty five lakhs rupees during the preceding financial year;	From earlier Definition, (v) advancement of any other object of general public utility up to a value of,- (a) eighteen lakh and seventy five thousand rupees for the year 2012-13 subject to the condition that total value of such activities had not exceeded twenty five lakhs rupees during 2011-12; (b) twenty five lakh rupees in any other financial year subject to the condition that total value of such activities had not exceeded twenty five lakhs rupees during the preceding financial year; Therefore, services provided by above will be taxable.
04/2013 inserting explanation to Section 96A (b) (iii) regarding Advance Ruling.	1st March 2013	–	(a) "public limited company" shall have the same meaning as is assigned to "public company" in clause (iv) of sub-section (1) of section 3 of the Companies Act, 1956 (1 of 1956) and shall include a private company that becomes a public company by virtue of section 43A of the said Act; (b) "resident" shall have the same meaning as is assigned to it in clause (42) of section 2 of the Income-tax Act, 1961 (43 of 1961) in so far as it applies to a company.	Explanation has been inserted that Advance Ruling can be obtained by Resident and Public Limited company including private limited company.

## INCOME TAX ACT & RULES

<p>Income derived by way of rent or revenue from any building or land owned and occupied by the cultivator is exempt from tax if the land or building is not situated within 8 km. from the local limits of Municipality or cantonment.</p>	<p><b>Conditions towards area has been amended as below</b></p> <ul style="list-style-type: none"> <li>• Not situated within 2 km. from the local limits of Municipality or Cantonment Board having a population of more than 10,000 but not exceeding 1lac.</li> <li>• Not situated within 6 km. from the local limits of Municipality or Cantonment Board having a population of more than 1 lac but not exceeding 10lacs.</li> <li>• Not situated within 8 km. from the local limits of Municipality or Cantonment Board having a population of more than 10 lacs.</li> </ul>
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### Sec 10 (10 D)d :- Sum received towards Life Insurance Policy

<p>No exemption towards the sum received for insurance policies issued after 01.04.2012 if Premium payable exceeds 10% of the actual capital sum assured.</p>	<p>Special provision for persons with disability or suffering from disease so as to avail the exemption on sum received even if Premium payable exceeds 15% of the actual sum assured for a person with disability or suffering from disease or ailment.</p>
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### Section 80 C :- Deduction towards Insurance Premium

<p>Deduction of amt. being paid as premium towards Life Insurance policy subject to the premium does not exceed 10% of the actual capital sum assured</p>	<p>Deduction has been enhanced to premium which does not exceed 15% of the actual capital sum assured for persons of disability or suffering from disease or ailment etc.</p>
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### Sec 10 (23 DA):- Exemption to Securitization trust - New Provision

#### Sec 115 TA: - Tax on income distributed to investors.

<p>Income of a securitization trust from the activity of securitization is exempt, but Tax will be paid on the amount of Income distributed among its investors as below</p> <ul style="list-style-type: none"> <li>• 25% if distributed to an individual/HUF</li> <li>• 30% to any other person than above</li> <li>• Exemption in case of persons whose income is not chargeable to tax under the act.</li> </ul> <p>Income to the trust from the activity other than securitization should be taxable. Income in the hands on investors will not be taxable due to tax being discharged by the trust.</p>
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### Sec 10 (23 ED):- Investor Protection Fund

<p>Every depository have to mandatorily set up investor protection fund as per SEBI regulations and any income by way of contributions received from the depository towards investor protection fund would be exempt. In case the amount is shared with the depository the same will be deemed to be taxable income in the previous year of sharing.</p>
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### Sec 32 AC: -Encouraging New Investments in P & M

<p>Manufacturer or producer of any article making substantial investment in new plant &amp; machinery exceeding 100 Cr. from 01.04.2013 to 31.03.2015 is entitled for deduction from the income @ 15% on the aggregate cost of assets</p> <ul style="list-style-type: none"> <li>• A.Y.2014-15 - 15% deduction on the aggregate cost of assets</li> <li>• A.Y 2015-16 - 15% deduction on aggregate cost of assets less deduction availed in the previous A.Y. 2014-15</li> </ul> <p>This benefit is available over and above the existing depreciation allowance. New Asset excludes P &amp; M already used within or outside India, installed in office and residential accommodation, office appliances including computers or computer software, vehicles, P &amp; M fully depreciated in the same year of purchase. In case the new P &amp; M is disposed of in 5 yrs. , the deduction available will be treated as income in such previous year of disposal.</p>
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### Sec 40 (a) (ii b):- Royalty, License fee, Service fee by State Govt.

<p>Sum levied by State Govt. by way of royalty, license fee, Service fee, privilege fee, service charge etc.to its state undertaking the same are not entitled for deduction in the hands of State govt. undertaking.</p>
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## Sec 43 CA:- Transfer of immovable property as stock in trade

<p>No provision for computation of value for land and building being considered as stock in trade on the lines of Section 50 C for capital assets.</p>	<p>Value to be determined as below towards land and building being considered as stock in trade</p> <ul style="list-style-type: none"> <li>• If the declared value is less than the value being considered for stamp duty purpose than the value to be considered for computation is the value considered for stamp duty.</li> <li>• If the agreement is executed before and at a later stage stamp duty is discharged, in such cases value being considered for stamp duty at the time of agreement will be considered as the value for computation of income.</li> </ul> <p>While considering the value at the time of agreement, consideration other than cash has to be received prior to such date.</p>
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## Sec 80 EE: -Deduction towards interest for first Residential House.

<p>Additional deduction up to 1 lac towards interest payable on loan taken by individual for first residential house subject to the following</p> <ul style="list-style-type: none"> <li>• Loan sanctioned does not exceed 25lacs</li> <li>• Value of residential house does not exceed 40 lacs.</li> <li>• Loan is sanctioned in the F.Y. 2013-14</li> <li>• No deduction for the same amount is being claimed in any other provisions</li> </ul> <p>In case the deduction is not fully utilized for the F.Y. 2013-14, the unutilized balance will be carried forward for the next F.Y 2014-15</p>
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## Sec 80 G (1):- Deduction towards donation

<p>Donation to National Children fund, deduction restricted to 50%</p>	<p>Donation to National Children fund, deduction extended to 100%</p>
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## Sec 80 GGB:- Deduction towards donation to political parties

<p>Deduction given on contribution by companies to political parties</p>	<p>Deduction will not be allowed in case the contribution is by way of cash to political parties.</p>
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## Sec 80 IA (iv):- Deduction for Power Sector

<p>Sunset clause for deduction in respect of power-sector units, transmission and distribution lines etc. was 31.03.2013</p>	<p>Sunset clause extended by 1 yr. up to 31.03.2014</p>
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## Sec 87 A :-Tax credit for Income below 5 lacs. - New Provision

<p>Individual resident having taxable income below 5 lacs will be entitled for antax credit of Rs. 2000 from the income tax payable. Incase the tax payable is less than Rs. 2000 the deduction will be restricted to such liability.</p>
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## Sec 90 (2A) &amp; 90 A:-Double taxation relief for non- residents

<p><b>Old Provision</b> Non-residents were entitled to avail the benefit of double taxation treaties subject to providing tax residency certificates</p>	<p>Retrospective Amendment to the condition towards providing of tax residency certificate as necessary but not sufficient Hence other documents will also be insisted to take the tax treaty benefit in India by the non-residents. Tax residency certificate is necessary but not a sufficient condition for claiming relief with effect from 01.04.2016</p>
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## Sec 115QA:- Tax on profits towards buy back of shares

<ul style="list-style-type: none"> <li>• Applicable on Buyback of Shares by the Domestic unlisted company</li> <li>• Tax is payable by the company on value as calculated = (Consideration paid by company on buy-back of shares - Amount received by company at the time of issue of shares)</li> <li>• Tax is payable by the company at 22.66% (Tax 20 +Surcharge 10% + Cess 3%)</li> <li>• This Tax is payable irrespective whether company has taxableincome or not</li> <li>• This Tax is to be paid with 14 days from payment to shareholder on account ofbuyback. If not paid with 14 days,then interest will be payable at1%p.m. or part thereof ( Sec115QB)</li> <li>• This income will be exempt in the hands of the share holder</li> </ul>
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**Sec 115R:- Distribution by mutual fund to its unit holders**

Tax @ 12.5% on income distributed by mutual funds (other than money market mutual funds) to individuals and HUF.	Tax rate has been enhanced to 25% income distributed by mutual funds (other than money market mutual funds) to individuals and HUF.
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**Sec 139(9):- Defective Return**

If the return is filed without full payment of self-assessment tax and the same is intimated by the AO to the assessee and if the assessee does not pay such amount within 15 days such returns will be treated as defective returns.	Amendment to the existing provision wherein if the self-assessment tax along with interest is not paid before filing of the return, such returns will be considered as defective returns.
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**Sec 142(2A):- Enhancement in the scope of special audit**

Earlier during the assessment, Special Audit of assessee can be directed by Assessing officer having regards to : <ul style="list-style-type: none"> <li>Nature and complexity of accounts</li> <li>interest of the revenue</li> </ul>	Now in following cases also, Special Audit can be directed by AO: <ul style="list-style-type: none"> <li>Doubts about the correctness of the accounts,</li> <li>Multiplicity of transactions in the accounts</li> <li>Specialized nature of business activity of the assessee</li> </ul>
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**Sec 167C&Sec 179:- Default in taxes**

If "Tax Due" from LLP or Private Company, in respect of income of any year, cannot be recovered, then partner or director (as the case may be) shall be jointly and severally liable for payment such tax due, unless otherwise proved by partner or director.	Explanation is added to these Sections, to clarify that, "Tax Due" includes Penalty, Interest or any other sum payable under the Act.
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**Sec 194- IA: - TDS on transfer of immovable property - New provision**

Applicable on Transfer of Immovable Property (Immovable Property shall include Land, Building or Part of Building but shall not include Agricultural Land) <ul style="list-style-type: none"> <li>TDS Rate shall be 1%</li> <li>To be deducted by Transferee on payment of Sale consideration, if it is more than Rs.50 lacs.</li> </ul>
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**Sec 271FA:- Penalty on late filing of Annual Information Return**

If a person who is required to furnish an Annual Information Return (AIR), as required under Sec 285BA(1), fails to furnish such return within time allowed, the Income Tax authority may direct that, such person shall pay penalty of Rs 100 for every day during which the failure continues	-The Sec has been amended to increase the amount of penalty but amendment will be effective from 1st April 2014. -The amount of penalty will be increased to Rs 500 per day, if not paid within the time allowed or within the time specified in notice issued under Sec 285BA(5)
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**Commodities Transaction Tax:**

In line with Securities transaction tax (STT), The Government has introduced a tax on commodity trading being done on recognized commodity markets. The salient features are as under.

**Taxable Transaction:** Sale of commodity derivatives other than agricultural commodities traded in recognized commodity markets.

**Tax Rate:** Tax @ 0.01 % on the transaction value. Such tax will be denoted as Commodities transaction tax (CTT). The said tax will be recovered from the seller.

**Tax Collection:** The market, on which the commodities will be traded, will be responsible for collection of tax from the seller at the time of entering into transaction.

**Deposition:** The tax collected will have to be deposited before 7th of immediate subsequent month.

**Interest:** Interest @1% per month shall be levied for any delayed payments.

**Default:** In the event of default in collection of the tax a penalty equivalent to the amount of tax shall be levied. In case the tax after being collected is not paid then penalty of Rs 100 per day till the default continues or the amount of tax whichever is lower.

**Return:** Yearly return has to be filed by the person responsible to collect and pay the CTT.

Provisions relating to Assessment, Appeals, Prosecution and Offences have also been duly mentioned.

# Taxation as a Precursor to Economic Growth

## Part III

By K. R. Bhargava

*[Author is former Chief Commissioner of Customs and can be contacted at kuldiprbhargava@gmail.com]*

In continuation to my earlier two articles on the subject; we will travel forward to see what should be done to meet the objective enshrined in Finance Minister's speech to the probationers of 63rd batch of the Indian Revenue Service (CCE). We will focus on ideas, innovations, reengineering and reinvention of processes for sustaining growth as in our changing world, these words are of great strategic importance. These tools enable us to face challenges and adapt ourselves to the changing needs of our internal and external environment. In other words, we need to change with changing times otherwise, we stagnate. It is also our common knowledge that outdated infrastructure cannot meet the needs of emerging markets; unless you renovate, you cannot survive. In the process of evolution, those who do not adapt themselves to the changing environment, they get extinct. If we read Darwin's theory of Evolution, we will find that the species that succeeded to survive underwent gradual structural changes to adapt themselves to the changing environment. These changes were important to do things which otherwise could not be done; the non-performance could have affected survival of those who succeeded in the struggle for survival. What is true for species is also true for societies and organizations. Societies and organizations which evolve themselves as dominant societies and organizations constantly keep on evolving or reinventing themselves to meet the emerging challenges, thrown by the environment successfully because of accumulated experience, superior collective intelligence and a keen actionable desire to succeed among competing societies and organizations.

During celebrations of Central Excise Day, on 25th Feb. 2013 in Delhi, a documentary film was shown depicting evolution of Central Excise law and Administration in India and undoubtedly, there has been sea change in Excise Law and Excise Administration. The 'sea change' comprising of so many changes in course of the period, were necessitated by the changing needs of economy, industry, society, administration, global competition, group behaviour etc. It is another question to analyse whether changes introduced in course of time were adequate and successful and satisfy the government, society, industry, economy and elements within the administration etc or some changes are 'dwarf and limping'. By 'dwarf and limping', i mean change is not enforced by the enabling factors and thus unable to satisfy stakeholders and put together, these cannot certify that excise collected/excise potential ratio is 1. It is struggling

in that direction. However, I may state that it cannot be 1 in absolute terms in a human population because some human beings will be lazy, weak, unintelligent and ill-equipped and others can be defiant, corrupt, and cunning and there will always be limiting factors for various reasons restricting improvement in the behaviours of these people. Poor ratio reflects in the poor living standards of general people and over all poor development of the community. This ratio must improve and forward looking countries endeavour in a wholesome manner by reducing limiting factors.

Change is a way of life. I am sure readers will agree. So, we should welcome it and face it; manage it so that whole society enjoys the fruits of change. When a guy turns major, change is appearing on the horizon; it is to be managed by the parents. He has to be educated so that he is employable and once employed, he must get married so that he enters in the next face of life smoothly giving pleasure to everyone in the family. The guy has to be supported by parents during this course of life. Failure to support may give serious pain. Similarly, from the conception stage to embryo to foetus to delivery to childhood and so on-----; the process is change. This change is joyful, purposeful, and meaningful if process/journey is taken care of by all those who are associated with the change and its outcomes. If this journey is not taken care of; beneficial change may not happen; change and journey both may be painful. The question is,- why does change struggle even if it can be beneficial? It is because; people are careless; they do not prepare and equip themselves for the change; in other words, they are not visionary. In the preceding scenario of a negative change,-

- mother is careless; and so is the father
- family does not support the parents
- family troubles the mother
- resources are either scarce or unavailable or there is poor application of resources
- leaders in the family either not really bothered; they are arrogant; and do not play the desired leadership or caring role; or,
- they want good outcome but neither care for the process nor for the delivery agents

For the reasons above, there is likelihood of abortion and casualty. But if some factors are positive and some are negative, a pleasing change may not happen; change may give a continuous pain but if every factor is positive, outcome will be very pleasing for everyone. This calls for

a team effort, investment of time and money, good leadership, correct decisions and constant encouragement of delivery agents during the course of their journey.

What is true above in the life of an individual and family is also true in the life of an organization. For instance, it must be Finance Minister's desire that tax collected/tax potential ratio should be 1; or nearest to 1 so that he has enough funds for development and safety-security of the society. He wants true and full tax compliance and no tax evasion. In that endeavour and towards the objectives, there has to be team effort to convert desire into outcome. This will need team-ship among people in the organization and revisit to environment (including internal environment), laws, procedures, technology and resources etc under the leadership of top management so as to enable players to play the game ethically with desired tools and best methodologies. And this performing team does not comprise of players alone but it has coaches, doctors, physiotherapists, managers, investors under the leadership of the Minister. All must yell together before, during and after the game. A well trained, well equipped, well motivated carefully selected team can only win. And if team wins everyone wins and if team loses everyone loses. But this loss is like a Cricket Test Match where though team loses but in official terms, it is, - India loses to Australia or Australia loses to India. So the loss impacts a country and its people; it matters a lot. In our case, if revenue officers fail to collect desired revenue, it results to revenue deficit/ fiscal deficit affecting India's sovereign rating impacting investors' confidence in Indian economy. So, revenue which officers collect is not merely to finance Minister's development plans or salaries bill of government employees but it is to hold India's head high in the international arena. As it is a complex game to understand in wholesome; let us try to understand by one portfolio discussed below:-

When i joined the Indian Revenue Service in 1976, total revenue of the government from indirect taxes used to be Rs. 5,000 cr; now, it is Rs. 5, 00,000 cr; it has grown by 500 times in spite of reduction in the rate of duties. The figures quoted indicate that foreign trade has multiplied in equal proportions. As it is extremely difficult to manage these volumes using traditional methods of assessment and examination assuring integrity of goods being imported into the country and correct collection of duties due, Indian customs have embraced technology in a big way and now assessment of goods to duty is by e processes. Customs have introduced Risk based Assessment of imported goods supported by RMS. Since goods are selectively selected for assessment and examination; it is necessary that such a system is supported by real world of sound assessment and audit methodologies. As everyone is facilitated; system is bound to abuse unless risk rules are fool proof, assessment and audit management is robust accompanied with stringent quick penalties for deliberate non compliance. In practice, however, reality is different. Risk rules are based on

compliance and enforcement experience and cannot be fool proof. People will tend to take advantage if assessment, audit and enforcement regimes are also weak or faulty or provide ways to escape punishment and penalties. Indian customs rather than conducting On Site Post Clearance Audit based on detailed scrutiny of importer's records has been conducting Post Clearance Audit in the Customs Houses based on records available in the Customs House in respect of individual transactions. Due to acute shortage of auditors and their supervisors and limited records available for audit scrutiny hardly this system gave any results. But in view of the detections and variety of customs offences RMS could never facilitate more than 50% of import declarations and thereby congestion in ports and container freight stations continued resulting in higher dwell time and higher transaction cost for the importers and manufacturers affecting consumers and competitiveness of the local manufacturer in the international market.

In view of above scenario, in 2011, customs introduced 'Self Assessment' procedure whereby importers could assess their goods to duty on their own and take those out of customs charge without any customs intervention on payment of duty properly supported by EDI. This was a revolutionary step to reduce:

- i. congestion of containers and goods in ports;
- ii. transaction cost for importers; and
- iii. to enable manufacturers to have 'just in time' inventory to have competitive edge in international market by reducing interest cost in holding inventory; and,
- iv. enabling customs officers to focus on select higher risk goods while these are in customs area.

This system envisaged RMS supported by strong 'On site Post Clearance Audit' (OSPCA) regime. Necessary legal changes were introduced in law vide Finance Bill of 2012 to facilitate the work. On the demand of trade and consequent to introduction of Self Assessment, RMS facilitation was significantly enhanced to reduce dwell time, transaction cost and other accompanied benefits.

Near about the same time and due to government pressure, customs introduced 24x7 operations in customs, necessitating staff for extra working hours but without additional sanction from the government by directing release of manpower from assessment and examination tables believed to be surplus due to enhancement of RMS facilitation consequent to introduction of self assessment. Due to paucity of auditors, OSPCA could be extended only to handful of select clients but without the help of e technology. The large majority of importers continued under the old regime of transaction based selective PCA in the Customs House. Consequently, because of poor audit regime and higher facilitation, miss-declarations increased resulting in poor compliance and lower revenue. Under pressure from government and on



## CHAPTER NEWS

INDORE – DEWAS

### Felicitation Ceremony & Program on Exam Guidance

Indore -Dewas Chapter of Cost Accountants arranged a full day lecture on Guidance of Exam Preparation for students, on 17th Feb, 2013 from 10 AM onwards at CHIMC campus in Indore. The program was inaugurated by the honorable Chief Guest CMA Vijay P Joshi Ex Chairman of WIRC.

Lectures were delivered by CMA P.D.Modh, Chairman of Ahmadabad Oral Coaching Center. He emphasized that Time Management and Perfect Content for Answer is the key of good performance in exam. He explained that during the study, environment and health play a big role. According to him Institute's Study material is very good support material for study of all subjects but in case of Direct Taxation and Indirect Taxation paper students should always be updated. He elucidated importance of division of time for each study note preparation. According to him both numerical and theory parts are the important for getting good score in exams.

In this Session, CMA Dr. Niranjana Shastri felicitated all foundation passing students of December 2012 term from the Indore Chapter. The program was well attended by Chapter Staff and Students.

### Participation in Career Fare

The Indore Dewas Chapter of Cost Accountants Participated in a Career Fare Organized by Govt. New Girls Degree College, Kila Maidan, Indore on 6th February 2013. Over 1500 students attended the career fare. CMA Dr. Niranjana Shastri, Chairman of the Chapter addressed the gatherings about the course of Cost & Management Accountancy. Officer In-Charge Miss. Chetna Tailor managed the stall of Indore-Dewas chapter with an enthusiastic team of Volunteer students.

### Result Celebrations

The Indore Dewas Chapter of Cost Accountants celebrated the results with pass out students at Chapter Office premises. Successful students distributed sweets and shared the secrets of their success with all the students. CMA Dr. Niranjana Shastri, Chairman of the Chapter congratulated the successful students and motivated the other students for bringing more success in future.

NAVI MUMBAI

The Navi Mumbai Chapter of The Institute of Cost Accountants of India organized their Annual Seminar for the year 2013 titled "Taxation of Services- A New Paradigm" on February 2, 2013 at Navi Mumbai Sports Association, Vashi, Navi Mumbai.

revisiting the declarations, customs interventions increased resulting again in pre self assessment RMS facilitation levels. In brief, a good initiative in absence of desired government support turned out one another government programme making no positive impact of significance. Efforts made to make taxations as a precursor to economic growth went in vain.

In 2002-03, I was deputed to Japan for a training programme organized by Japan Customs in their National Training Institute where officers from Japan Customs made presentations and highlighted how RMS aided by PCA is enabling them to manage higher volumes of international trade and protect government revenues. It was amazing to know that PCA helped them to recover short levies in trillions of yen. It is an eye opening, if in a nation of better integrity standards, trillions of yen are recovered in PCA, how much can be recovered in India if PCA is effectively introduced in India.

### Why do we fail?

There could be many reasons. But in the discussed scenario, we can see, government sometimes introduces new initiatives without providing a supporting framework as is the case with 24x7 operations in customs and sometimes, proposals to provide supporting framework wait for years to happen. It is not that when OSPCA was introduced, no thought was given to its administration. It was given. A proposal was given in 2009 to restructure the organization (Cadre Restructure) and to introduce a separate wing for management of Audit in the field i.e. introduction of Central Excise and Customs Audit Commissionerates to improve efficiency, expertise and management. The proposal still waits for government approval.

Minister needs every year additional funds to finance higher outlays for various development plans and accordingly, higher revenue targets are given to the field formations. Come the months of September and October, everyone in the revenue department including Minister start running after assesses/importers for revenue using traditional methods for recovering extra coin. In a developing country like India where one Australia is born every year, revenue should not be a problem; every year equal number graduates from infant to boys/girls to adults to married couples to oldies----, thus generating demand of goods and services for each segment and thereby significant growth in revenue. But Minister needs to do is to sit with his senior managers every year in the beginning of the year as a member of those teams and not as a Boss to monitor revenue but to review their enablers and assess, modify and approve their proposals aiming at better compliance and enforcement management in the shortest possible time to meet the challenges. And further, it may be noted that long delays in approvals/implementation of innovations kills desire to innovate among innovating employees in the organization. Minister being leader of the organization has to nurture all this.

The speakers for the seminar were CA S S Gupta and CMA V S Datey, both eminent professionals in the field of indirect taxes. Mr. Shashikant Shanbag, Managing Director of Galaxy Surfactants Limited, was the Chief Guest at the seminar. The occasion was also graced by CMA V.V. Deodhar, Past President of the Institute, CMA Shrenik Shah, Chairman- WIRC, CMA Ashish Thatte, Vice Chairman - WIRC, CMA Debasish Mitra, Regional Council Member- WIRC, CMA Vivek Bhalerao, Chairman and CMA M K Narayanaswamy, Vice Chairman of the Chapter.

The Chapter received very enthusiastic response from members, professionals and students across Mumbai for the seminar. The programme commenced with the address by the Secretary of the Chapter CMA Amit Sarker, who welcomed the guests and participants on behalf of the Chapter. Thereafter, CMA Vivek Bhalerao, the Chairman of the Chapter, briefed the audience regarding the professional development activities undertaken by the Chapter. CA Shashikant Shanbag, the Chief Guest for the occasion, addressed the gathering regarding the role of a finance professional in a corporate finance environment and the relevance of indirect taxes in the day to day working of an organization. He also mentioned that seminars like these are like sparks for a professional mind and provide food for thought regarding tax management and compliance for an organization. CMA Shrenik Shah, Chairman, WIRC of ICAI also addressed the delegates in the seminar. He touched upon the importance of service tax in today's economic scenario and the significance of service tax related compliances. The Chapter also took this opportunity to felicitate the Chief Guest, office bearers of WIRC and CMA V. V. Deodhar, Past President.

The first technical session of the seminar was presented by CA S S Gupta. He presented the concept of negative list based taxation of services, declared services, the differences between the earlier regime and new regime for taxation of services in a lucid and comprehensible manner. He also addressed queries from the participants and provided illustrations from day to day transactions which could have service tax implications.

The second technical session was presented by CMA V S Datey. He covered topics on works contract, reverse charge mechanism in service tax and its impact in respect of services received from Indian service providers, the concept of Cenvat credit and issues in respect of Cenvat credit availment and utilization. The participants were enthusiastic to ask questions with practical situations faced by them and queries were addressed in detail by CMA V. S. Datey.

The seminar concluded with a felicitation to the speakers and vote of thanks by the Secretary of the Chapter. The entire programme was ably compered by CMA Pratyush

Chatterjee, a managing committee member of the Chapter.

#### PIMPRI – CHINCHWAD – A KURDI

#### **CEP Seminar on "Recent Developments in Excise Valuation as per recent Supreme Court Ruling"**

The Pimpri-Chinchwad-Akurdi Chapter of the ICAI organized a seminar on "Recent Developments in Excise Valuation as per recent Supreme Court Ruling" on Saturday, Feb 16th 2013, at Chapter Office, Akurdi.

CMA Laxman Pawar, Chairman-PCA Chapter welcomed the Speaker- CMA R P Gore by presenting him with a bouquet and memento. Shri Pawar gave an introduction about the recent case ruling by Supreme Court regarding Excise Valuation.

CMA R P Gore gave a detailed explanation about the recent case involving excise valuation. He also gave information about the increased importance about the role of Cost Accountant in the process of Excise Valuation.

The session was very interactive. It was well attended by members in practice and from industry. After the technical session, CMA Pradeep Deshpande, Secretary - PCA Chapter proposed vote of thanks.

#### SURAT – SOUTH GUJARAT

#### **CEP on 10-02-2013**

A CEP on 1. Cost Management in Manufacturing Industries 2.Relevance of Performance Appraisal Report in Effective Cost Management 3. New Development in Statutory Cost Accounting' was organized by Surat South Gujarat Chapter Of Cost Accountants at Commerce Bhavan, Sir K.P.College of Commerce College Campus, Athwalines, Surat on 10-02-2013.CMA Dr. Heena Oza, Chairperson of the Chapter welcomed the participants, Expert faculty CMA B. Chanda gave brief on the subject Anty Dumping other topics & CMA V. R. Kedia give the brief knowledge on the new development in Statutory Cost Accounting. CMA Ashvin Sutarsandhiya proposed votes of thanks. The seminar was participated by members and Final Students of the Chapter.

#### **CEP on 23-02-2013**

A CEP on 'Budgeting and MIS in Large Organization - Recent Practices' was organized by Chapter at Citizens' Council Hall, Tirupati Plaza, Surat on 23-02-2013. CMA Dr. Heena Oza, Chairperson of the Chapter welcomed the participants, Expert faculty CMA Dipali Lakdawala gave brief on the subject.CMA Ramavtar Chaudhary proposed votes of thanks. The seminar was participated by members of our Institute and Final Students of the Chapter.

\* \* \* \* \*



CMA Nimish Kothari felicitating CS A. Sekar during CEP organized by WIRC on 23-3-2013 at IMC.



View of audience during CEP organized by WIRC on 23-3-2013 at IMC.



CA Shripad Kabadi is being felicitated by CMA Vaibhav Joshi during CEP organized by WIRC on 2/3/2013 at Borivli SMF Centre



View of audience during CEP organized by WIRC on 2/3/2013 at Borivli SMF Centre



CA Shripad Kabadi is being felicitated by CMA Anand Sawkar during CEP organized by WIRC on 1/3/2013 at Thane SMF Centre



View of audience during CEP organized by WIRC on 1/3/2013 at Thane SMF Centre



CMA Sanjay Bhargave, CCM-ICAI interacting with the officials of Central Excise during the training programme organized by WIRC on 26th February 2013 at CBD Belapur. Also seen co faculty CMA Ashish Thatte, Vice Chairman WIRC



View of Central Excise officers during the training programme organized by WIRC on 26th February 2013 at CBD Belapur.



Following the footsteps of Kerala's success story in terms of collaborating with the State Government, head way has also been made in the State of Rajasthan. Director (Higher Education) of Rajasthan called a meeting of Colleges authorities from 26 Colleges across the State of Rajasthan on 11/2/2013. CMA Amit Apte, CCM, Chairman CAT deliberated with these officials and the concept of launching CAT Course along with B.Com in the Colleges of Rajasthan was discussed. After detailed discussion, the Director of Higher Education and the participants agreed in principle to the introduction of CAT Course in all the Government Colleges of Rajasthan.

## **CAMPUS INTERVIEW**

### **Fresh CMAs**

*The Institute of Cost Accountants of India is planning a Campus Interview for the students who passed their Final Examination in December 2012.*

**Date: 16th March 2013 - Ahmedabad**

**Venue:** Ahmedabad Chapter of Cost Accountants, 402-403, Shopper's Plaza III, 4th Floor, Opp. Municipal Market, C.G. Road, Navrangpura, Ahmedabad - 380009

**For Details Contact: CMA P.D. Modh - Mob: 97277 67574**

**Date: Saturday, the 20th & Sunday the 21st April 2013 - Mumbai**

**Venue:** SGSJK's Aruna Manharlal Shah Institute of Management & Research, R. B. Kadam Marg (Jivdaya Lane), Near MTNL Exchange, Off: L.B.S. Marg, Ghatkopar (W), Mumbai 400 086

*All Corporates, Financial Institutions, Management Consultants, Cost Accountants are invited for participation in the Campus Interview to select talents from our Institute.*

**Participation Fee:** One venue: Rs. 50,000/- + Service Tax • Both the venues: Rs. 80,000/- + Service Tax

*Demand Draft drawn in favour of "The Institute of Cost Accountants of India "  
payable at New Delhi or through ECS mode.*

#### **Details for ECS Payment :**

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#### **For details & Registration Contact:**

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