

## AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 - SERVICE TAX

### I. KRISHI KALYAN CESS:

PARTICULARS	CLAUSE(S) OF FINANCE BILL, 2016	SECTION / CHAPTER	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
Krishi Kalyan Cess to be increased by .50%.	158	CHAPTER VI	NEWLY INSERTED	01-06-2016	An enabling provision is being made to levy Krishi Kalyan Cess on all taxable services with effect from 1st June, 2016, to finance and promote initiatives to improve agriculture.

### II. BROADNING OF TAX BASE :

PARTICULARS	CLAUSE(S) OF FINANCE BILL, 2016	SECTION / CHAPTER	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
SERVICE TAX ON ADVOCATES	Notification no. 18/2016-ST	N.A.	AMENDMENT IN NOTIFICATION NO. 25/2012-ST (as amended)	01-04-2016	Exemption on services provided by,- (i) a senior advocate to an advocate or partnership firm of advocates providing legal service; and (ii) a person represented on an arbitral tribunal to an arbitral tribunal,  <b>Is being withdrawn.</b> However, the same would be covered under reverse Charge Mechanism and the service receiver would be liable to pay

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					the service tax.
Exemption on construction of Monorail or metro is being withdrawn	Notification no. 09/2016-ST	N.A.	AMENDMENT IN NOTIFICATION NO. 25/2012-ST (as amended)	01-03-2016	<p>Clause 14 of Notification no. 25/2012-ST provided exemption from service tax for the original works pertaining to Monorail or metro is being withdrawn from 01-03-2016. Thus, the original work in relation to same shall be liable to <b>service tax at the rate of 5.6%</b>. The same is applicable only for the contracts entered on or after 01-03-2016.</p> <p>The exemption in relation to railways is still there. Meaning thereby, the construction in relation to railways will still be exempted from service tax.</p>
Exemption on Ropeway, Cable Car or aerial tramway is being withdrawn			AMENDMENT IN NOTIFICATION NO. 25/2012-ST (as amended)	01-04-2016	<p>Clause 23 of notification no. 25/2012-ST provided exemption for transportation of passenger by ropeway, cable car or aerial tramway is now being withdrawn. From 01-04-2016 these <b>services shall be taxed at the rate of 14%</b>.</p>
Service of transportation of passengers, with or without accompanied	146	66D	AMENDMENT IN SECTION 66D CLAUSE (o)	01-06-2016	<p><b>Service Tax is being levied at the rate of 5.6%</b> on transportation of passengers by air conditioned stage carriage with effect from 1st June, 2016.</p> <p>The abatement of 60% is</p>

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belongings, by a stage carriage is now liable to service tax					available in terms of notification no. 26/2012-ST provided no credit is availed over input, input services and capital goods.
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### **III. NEW EXEPMTIONS :**

PARTICULARS	CLAUSE(S) OF FINANCE BILL, 2016	SECTION / CHAPTER	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
CONSTRUCTION SERVICE	Notification no. 09/2016-ST	N.A	NEWLY INSERTED	01-03-2016	<p>Services by way of construction etc. in respect of-</p> <p>(i) housing projects under Housing For All (HFA) (Urban) Mission/Pradhan Mantri Awas Yojana (PMAY);</p> <p>(ii) low cost houses up to a carpet area of 60 square metres in a housing project under “Affordable housing in Partnership” component of PMAY,</p> <p>(iii) low cost houses up to a carpet area of 60 square metres in a housing project under any housing scheme of the State Government,</p>

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					are being <b>exempted from Service Tax with effect from 1st March, 2016</b> . Presently, this was taxed at the rate of 5.6%.
Exemption on Life Insurance Business	Notification no. 09/2016-ST	N.A.	Newly inserted entry 26C in notification no. 25/2012-ST	01-04-2016	The service of life insurance business provided by way of annuity under the National Pension System regulated by Pension Fund Regulatory and Development Authority (PFRDA) of India is being <b>exempted from Service Tax with effect from 1st April, 2016</b> . Presently, this was taxed at the rate of 3.5%.
Exemption to EPFO	Notification no. 09/2016-ST	N.A.	Newly inserted entry 49 in notification no. 25/2012-ST	01-04-2016	Services provided by Employees' Provident Fund Organisation (EPFO) to employees are being <b>exempted from Service Tax with effect from 1st April, 2016</b> . Presently, this was taxed at the rate of 14%.
Exemption to IRDA	Notification no. 09/2016-ST	N.A.	Newly inserted entry 50 in notification no. 25/2012-ST	01-04-2016	Services provided by Insurance Regulatory and Development Authority (IRDA) of India are being <b>exempted from Service Tax with effect from 1st April, 2016</b> . Presently, this was taxed at the rate of 14%.
Exemption to SEBI	Notification	N.A.	Newly inserted entry 51 in	01-04-2016	The regulatory services provided by Securities and

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	no. 09/2016-ST		notification no. 25/2012-ST		Exchange Board of India (SEBI) are being <b>exempted from Service Tax with effect from 1st April, 2016</b> . Presently, this was taxed at the rate of 14%.
Exemption to Insurance Companies	Notification no. 19/2016-ST	Changes in Rule 6(7A) of Service Tax Rules, 1994	Newly inserted clause (ia) in sub rule (7A)	01-04-2016	<b>The rate of Service Tax on single premium annuity (insurance) policies is being reduced from 3.5% to 1.4% of the premium</b> , in cases where the amount allocated for investment, or savings on behalf of policy holder is not intimated to the policy holder at the time of providing of service, <b>with effect from 1st April, 2016</b> . Presently, this was taxed at the rate of 3.5%.
Exemption to NHIS	Notification no. 09/2016-ST	N.A.	Newly Inserted clause (q) in notification no. 25/2012-ST	01-04-2016	The services of general insurance business provided under ‘Niramaya’ Health Insurance scheme launched by National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disability in collaboration with private/public insurance companies are being <b>exempted from Service Tax with effect from 1st April, 2016</b> . Presently, this was taxed at the rate of 14%.

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Exemption to National Centre	Notification no. 09/2016-ST	N.A.	Newly inserted entry 52 in notification no. 25/2012-ST	01-04-2016	Services provided by National Centre for Cold Chain Development under Department of Agriculture, Cooperation and Farmer's Welfare, Government of India, by way of knowledge dissemination are being <b>exempted from Service Tax with effect from 1st April, 2016</b> . Presently, this was taxed at the rate of 14%.
Exemption to BIRAC	Notification no. 12/2016-ST	N.A.	Amendment in notification no. 32/2012-ST dated 20-06-2012	01-04-2016	Services provided by Biotechnology Industry Research Assistance Council (BIRAC) approved biotechnology incubators to incubatees are being <b>exempted from Service Tax with effect from 1st April, 2016</b> . Presently, this was taxed at the rate of 14%.
Exemption to DDUGKY	Notification no. 09/2016 – ST	N.A.	Newly inserted entry 9D.	01-04-2016	Services provided by way of skill/vocational training by training partners under Deen Dayal Upadhyay Grameen Kaushalya Yojana are being <b>exempted from Service Tax with effect from 1st April, 2016</b> . Presently, this was taxed at the rate of 14%.
Exemption to	Notification	N.A.	Newly inserted	01-04-2016	Services of assessing bodies

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assessing bodies empanelled centrally by Ministry of skill Development	no. 09/2016 – ST		entry 9C.		empanelled centrally by Directorate General of Training, Ministry of Skill Development & Entrepreneurship are being <b>exempted from Service Tax with effect from 1st April, 2016.</b> Presently, this was taxed at the rate of 14%
Exemption to Artists	Notification no. 09/2016- ST	N.A.	Amended	01-04-2016	The threshold exemption to services provided by a performing artist in folk or classical art forms of music, dance or theatre is being enhanced from Rs 1 lakh to Rs 1.5 lakh charged per event with effect from 1st April, 2016. Presently, this was taxed at the rate of 14%.

#### IV. RELIEF MEASURES :

PARTICULARS	CLAUSE(S) OF FINANCE BILL, 2016	SECTION / CHAPTER	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
Relief to Shipping Industry				01-03-2016; 01-06-2016	To provide level playing field to Indian Shipping lines vis-a-vis foreign shipping lines, it is being proposed to:  a) <b>zero rate the services provided by Indian Shipping lines</b> by way of transportation of

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					<p>goods by a vessel to outside India <b>with effect from 1st March, 2016. Credit of inputs, input services &amp; Capital goods credit shall be allowed.</b> Presently no credit was allowed.</p> <p>b) impose <b>Service Tax on services provided by them</b> by way of transportation of goods by a vessel from outside India up to the customs station in India <b>with effect from 1st June, 2016</b> so as to complete the credit chain and enable Indian Shipping Lines to avail and utilize input tax credits. <b>The tax liability shall be 14%.</b> Presently, it was NIL.</p>
Exemption to services used outside factory / premises of manufacture / any other premises, used for the export of goods.				01-07-2012	<p>Notification No. 41/2012- ST, dated the 29th June, 2012 was amended by notification No.1/2016-ST dated 3rd February, 2016 so as to, <i>inter alia</i>, allow refund of Service Tax on services used beyond the factory or any other place or premises of production or manufacture of the said goods for the export of the said goods. This amendment is being made effective from the date of</p>

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					application of the parent notification (i.e. 1st July 2012).
Quarterly payment of service tax by OPC & HUF	Notification no. 19/2016-ST	Changes in Rule 6(1) of Service Tax Rules, 1994	Amended Sub Rule	01-04-2016	The benefit of quarterly payment of Service Tax is being extended to 'One Person Company' (OPC) and HUF <b>with effect from 1st April, 2016.</b>
OPC can pay the service tax on Receipt basis	Notification no. 19/2016-ST	Changes in Rule 6 of Service Tax Rules, 1994	Amended Sub Rule	01-04-2016	The facility of payment of Service Tax on receipt basis is being extended to 'One Person Company' (OPC) with effect from 1st April, 2016.

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<p>Exemption on construction services restored which were withdrawn with effect from 01-04-2015.</p>	<p>103  Notification no. 09/2016-ST</p>	<p>N.A.</p>	<p>Newly inserted</p>	<p>01-04-2015</p>	<p>Exemptions on services of:</p> <p>a) construction provided to the Government, a local authority or a governmental authority, in respect of construction of govt. schools, hospitals etc.</p> <p>b) construction of ports, airports,</p> <p>[which were withdrawn with effect from 01.04.2015], are being restored in respect of services provided under contracts which had been entered into prior to 01.03.2015 on payment of applicable stamp duty, with retrospective effect from 01.04.2015.</p>
<p>Exemption on services provided to Government</p>	<p>102  Notification no. 09/2016-ST</p>	<p>Special Provision for exemption in certain cases relating to construction of Government Building.</p>	<p>Newly inserted entry 12A in notification no. 25/2012-ST</p>	<p>01-03-2016</p>	<p>“12A. Services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of –</p> <p>(a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;</p>

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				<p>(b) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or(iii) an art or cultural establishment; or</p> <p>(c) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the Explanation 1 to clause (44) of section 65 B of the said Act;</p> <p>under a contract which had been entered into prior to the 1st March, 2015 and on which appropriate stamp duty, where applicable, had been paid prior to such date:</p> <p>provided that nothing contained in this entry shall apply on or after the 1st April, 2020;”</p> <p><i>It may be noted that that service tax already paid can be claimed as refund. The refund application shall be made within six months from the date on which Finance Bill, 2016 receives the assent of the President.</i></p>
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Exemption to Services provided for Canal, dam or other irrigation work provided during the period 01-07-2012 to 29-01-2014.	156	New Section 101, 102 & 103	Newly Inserted		Services provided by way of construction, maintenance etc. of canal, dam or other irrigation works provided to bodies set up by Government but not necessarily by an Act of Parliament or a State Legislature, during the period from the 1st July, 2012 to 29th January, 2014, are being exempted from Service Tax with consequential refunds, subject to the principle of unjust enrichment.
Exemption to IIM	Notification no. 09/2016 – ST	N.A	Newly inserted entry 9B in notification no. 25/2012-ST.	01-03-2016	Services provided by the Indian Institutes of Management (IIM) by way of 2 year full time Post Graduate Programme in Management (PGPM) (other than executive development programme), Integrated Programme in Management and Fellowship Programme in Management (FPM) are being exempted from Service Tax with effect from 1st March, 2016.

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Reverse Charge Mechanism made applicable to Mutual Fund agent / distributor.				01-04-2016	The services provided by mutual fund agent/distributor to a mutual fund or asset management company, are being made taxable under forward charge with effect from 1st April, 2016, so as to enable the small sub-agents down the distribution chain to avail small scale exemption having threshold turnover of Rs 10 lakh per year, subject to fulfillment of other conditions prescribed.
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### V. Interest rate :

PARTICULARS	CLAUSE(S) OF FINANCE BILL, 2016	SECTION / CHAPTER	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
Uniform rate of interest for Customs, Excise & Service Tax 15%;  24%	150 Notification no. 13/2016-ST;	75	Amended	Date not yet notified	Interest rates on delayed payment of duty/tax across all indirect taxes are being rationalized and made uniform at 15%, except in case of Service Tax collected but not deposited to the exchequer, in which case the rate of interest will be 24% from the date on which the Service Tax payment became due.

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in case of Service Tax collected but not deposited to the exchequer					<p>In case of assesseees, whose value of taxable services in the preceding year/years covered by the notice is less than Rs. 60 Lakh, the rate of interest on delayed payment of Service Tax will be 12%.</p> <p>[The above changes will come into effect on the day the Finance Bill receives the assent of the President.]</p>
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### VI. Rationalization of Abatement :

PARTICULARS	Notification No.	SECTION / CHAPTER	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
Input Service credit allowed for the following services which was not allowed earlier –  - transport of passengers by	Notification No. 08/2016 – ST	N.A.	Amendment in notification no. 26/2012	01-04-2016	<ul style="list-style-type: none"> <li>- Credit of input services is being allowed on transport of passengers by rail at the existing rate of abatement of 70%;</li> <li>- Credit of input services is being allowed on transport of goods, other than in containers, by rail at the existing rate of abatement of 70%.</li> </ul>

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<p>rail</p> <p>- transport of goods, other than in containers, by rail</p> <p>- transport of goods by vessel</p>					<p>- Credit of input services is being allowed on transport of goods by vessel at the existing rate of abatement of 70%.</p>
<p>Reduced abatement rate on transport of goods in container. However, input service credit is now allowed which was not allowed earlier.</p>	<p>Notification No. 08/2016 – ST</p>	<p>N.A.</p>	<p>Amendment in notification no. 26/2012</p>	<p>01-04-2016</p>	<p>Credit of input services is being allowed on transport of goods in containers by rail at a reduced abatement rate of 60%.</p>
<p>Abatement on construction of residential flats</p>	<p>Notification No. 08/2016 – ST</p>	<p>N.A.</p>	<p>Amendment in notification no. 26/2012</p>	<p>01-04-2016</p>	<p>The abatement rate in respect of services by way of construction of residential complex, building, civil structure, or a part thereof, is being rationalized at 70% by merging the two existing rates (70% for high end flats and 75% for low end flats).</p>

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Abatement rate in respect of services by a tour operator in relation to packaged tour is rationalized	Notification No. 08/2016 – ST	N.A.	Amendment in notification no. 26/2012	01-04-2016	The abatement rate in respect of services by a tour operator in relation to packaged tour (defined where tour operator provides to the service recipient transportation, accommodation, food etc) and other than packaged tour is being rationalized at 70%.
Rationalization of abatement rate for GTA	Notification No. 08/2016 – ST	N.A.	Amendment in notification no. 26/2012	01-04-2016	The abatement on shifting of used household goods by a Goods Transport Agency (GTA) is being rationalized at the rate of 60%, without CENVAT credit on inputs, input services and capital goods. (The existing rate of abatement of 70% allowed on transport of other goods by GTA continues unchanged).
Rationalization of abatement rate on services of a foreman to a chit fund.	Notification No. 08/2016 – ST	N.A.	Amendment in notification no. 26/2012	01-04-2016	The abatement rate on services of a foreman to a chit fund is being rationalized at the rate of 30%, without CENVAT credit on inputs, input services and capital goods.

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### **VII. Reduce Litigation and providing certainty in taxation :**

<b>PARTICULARS</b>	<b>CLAUSE(S) OF FINANCE BILL, 2016</b>	<b>SECTION / CHAPTER</b>	<b>AMENDED / NEWLY INSERTED</b>	<b>APPLICABLE W.E.F.</b>	<b>BRIEF OF AMENDMENT</b>
Indirect Tax Dispute Resolution Scheme, 2016					<p>Indirect tax Dispute Resolution Scheme, 2016, wherein a scheme in respect of cases pending before Commissioner (Appeals), the assessee, after paying the duty, interest and penalty equivalent to 25% of duty, can file a declaration, is being introduced. In such cases the proceedings against the assessee will be closed and he will also get immunity from prosecution. However, this scheme will not apply in cases:</p> <p>a) where prosecution has already been launched</p> <p>b) involving narcotics &amp; psychotropic substances</p> <p>c) involving detention under COFEPOSA.</p>
Amendment in section 67A.	148	67A	Newly inserted sub section (2)		Section 67A is being amended to obtain rule making powers in respect of the Point of Taxation Rules, 2011, so as to provide that the point in time when

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					<p>service has been provided or agreed to be provided shall be determined by rules made in this regard.</p> <p>Point of Taxation Rules, 2011 is being amended accordingly.</p>
Amendment in section 93					Section 93A of the Finance Act, 1994 is being amended so as to allow rebate by way of notification as well as rules.
Amendment in Explanation 2 in section 65B (44)	145	65B	Newly Inserted		Explanation 2 in section 65B (44) of the Finance Act, 1994 is being amended so as to clarify that any activity carried out by a lottery distributor or selling agent in relation to promotion, marketing, organizing, selling of lottery or facilitating in organizing lottery of any kind, in any other manner, of the State Government as per the provisions of the Lotteries (Regulation) Act, 1998 (17 of 1998), is leviable to Service Tax.
Amendment to Notification No. 27/2012 – C.E. (N.T.) dated 18.06.2012				01-03-2016	Notification No. 27/2012 – C.E. (N.T.) dated 18.06.2012 is being amended with effect from 1st March, 2016 so as to provide that time limit for filing application for refund of CENVAT Credit under Rule 5

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					<p>of the CENVAT Credit Rules, 2004, in case of export of services, is 1 year from the date of :</p> <p>(a) receipt of payment in convertible foreign exchange, where provision of service has been completed prior to receipt of such payment; or</p> <p>(b) issue of invoice, where payment, for the service has been received in advance prior to the date of issue of the invoice.</p>
Right to use radio Frequency Spectrum and subsequent transfer liable to service tax.	147	66E (j)	Newly Inserted		Assignment by the Government of the right to use the radio-frequency spectrum and subsequent transfers thereof is being declared as a service under section 66E of the Finance Act, 1994 so as to make it clear that assignment of right to use the spectrum is a service leviable to Service Tax and not sale of intangible goods.
Cost of fuel to be included in Renting of Motor cab service.				01-04-2016	A condition mandating inclusion of cost of fuel in the consideration for availing abatement on the services by way of renting of motor-cab is being prescribed with effect

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					from 1st April, 2016.
Exemption on the service of Information technology Software.	Notification no. 11/2016-ST	N.A.	Newly inserted	01-03-2016	Service tax on the services of Information Technology Software on media bearing RSP is being exempted from Service Tax with effect from 1st March, 2016 provided Central Excise duty is paid on RSP in accordance with Section 4A of the Central Excise Act.
Service on Information Technology Software	Notification no. 11/2016-CE	N.A.	New inserted	01-03-2016	Mutual exclusiveness of levy of excise duty and Service Tax on Information Technology Software in respect of software recorded on media “NOT FOR RETAIL SALE” is being ensured by exempting from excise duty only that portion of the transaction value on which Service Tax is paid.

### **VIII. Service Tax Rules :**

<b>PARTICULARS</b>	<b>CLAUSE(S) OF FINANCE BILL, 2016</b>	<b>SECTION / CHAPTER</b>	<b>AMENDED / NEWLY INSERTED</b>	<b>APPLICABLE W.E.F.</b>	<b>BRIEF OF AMENDMENT</b>
Reduction in compliance cost, lesser returns to be filed.				01-04-2016	To reduce compliance cost, the number of returns to be filed by a central excise assessee, above a certain threshold, is being drastically reduced, from 27 to 13, one annual and 12 monthly

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					returns. Monthly returns are already being e-filed. CBEC will provide for e-filing of annual return also. The annual return will also have to be filed by Service Tax assesseees, above a certain threshold, taking total number of returns to three in a year for them. This change shall come into effect from 1st April, 2016.
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### **IX. CENVAT Credit Rules :**

<b>PARTICULARS</b>	<b>CLAUSE(S) OF FINANCE BILL, 2016</b>	<b>SECTION / CHAPTER</b>	<b>AMENDED / NEWLY INSERTED</b>	<b>APPLICABLE W.E.F.</b>	<b>BRIEF OF AMENDMENT</b>
Amendment in CCR					The rules are being amended so as to allow banks and other financial institutions to reverse credit in respect of exempted services on actual basis in addition to the option of 50% reversal.

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### X. Miscellaneous

PARTICULARS	CLAUSE(S) OF FINANCE BILL, 2016	SECTION / CHAPTER	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
<b>Period for issuing demand notice</b>					
Period for issuing demand notice increased from 18 months to 30 months	149	73	Amended		Section 73 of the Finance Act, 1994 is being amended so as to increase the limitation period from 18 months to 30 months for short levy/non levy/short payment/non-payment/erroneous refund of Service Tax.
<b>Other changes in the Finance Act, 1994</b>					
Clause (11) of Section 65B shall be omitted	145	65B	Amended		Section 65B (11) contains definition of 'approved vocational education course'.  However, the exemption shall continue by way of exemption notification No. 25/2012 – ST.
Section 66D (1) – Education Service (Omitted)	146	66D	Amended		The Negative List entry covering 'educational services by way of (a) pre-school education and education up to higher and secondary school or equivalent,  (b) education as a part of a curriculum for obtaining a qualification recognized by any law for the time being in force

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					<p>and (c) education as a part of an approved vocational education course [Section 66D (1)]</p> <p>Thus, education services shall be liable to service tax notwithstanding the exemption provided in notification no. 25/2012-ST.</p>
Amendment ins Section 78A	151	78A	Newly Inserted		<p>In the last Budget, the Customs, Central Excise and Service Tax laws were amended to provide for closure of proceedings where the assessee pays duty/tax due, interest and specified penalty. Further amendments are being made to Service Tax law so as to provide for closure of proceedings against co-noticees, once the proceedings against the main noticee have been closed.</p>

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**Amendment through Notification not covered above :**

Notification No.	Principle Notification in which amendment is made	w.e.f	Newly Inserted / Amended	Change
09/2016 – ST	25/2012-ST	01-03-2016	Newly inserted clause (ba) in paragraph 2 of notification no. 25/2012-ST.	<p>“approved vocational education course” means, -</p> <p>(i) a course run by an industrial training institute or an industrial training centre affiliated to the National Council for Vocational Training or State Council for Vocational Training offering courses in designated trades notified under the Apprentices Act, 1961 (52 of 1961); or</p> <p>(ii) a Modular Employable Skill Course, approved by the National Council of</p>

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				Vocational Training, run by a person registered with the Directorate General of Training, Ministry of Skill Development and Entrepreneurship;“;
09/2016 – ST	25/2012-ST	01-04-2016	Newly inserted clause (oa) in paragraph 2 of notification no. 25/2012-ST.	<p>(oa) “educational institution” means an institution providing services by way of:</p> <p>(i) pre-school education and education up to higher secondary school or equivalent;</p> <p>(ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force;</p> <p>(iii) education as a part of an approved vocational education course;</p>

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				(iv)
09/2016 – ST	25/2012-ST	01-04-2016	Newly inserted clause (zdd) in paragraph 2 of notification no. 25/2012-ST.	(zdd) “senior advocate” has the meaning assigned to it in section 16 of the Advocates Act, 1961 (25 of 1961)
09/2016-ST	25/2012-ST	01-04-2016	Newly inserted Entry 53 in notification no. 25/2012-ST.	Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India
15/2016-ST	Section 65B (49) omitted	Omitted w.e.f 01-04-2016	Definition of support service is omitted.	N.A.

## AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 - SERVICE TAX

Central Excise Rules, 2002		<p>a) Reducing the total no. of returns filed by certain category of Central Excise assessee from 27 to 13.</p> <p>b) Revision of excise return would be same of service tax assessee</p>	01/03/2016	Now, only 13 returns shall be filed per year. 12 monthly returns and 1 Annual return. All the returns shall be e-filed
CENVAT Credit Rules, 2004		<p>Amendment to improve credit flow, reduce compliance burden and litigation particularly those relating to apportionment of credit between exempted and non-exempted services/final products.</p> <p>Instruction are being given to Chief Commissioner to file application to court to withdraw prosecution in cases involving duty of less than Rs. 5 Lacs and pending for more than 15 years.</p>		

## AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 CENTRAL EXCISE

### I. Amendment in Central Excise Act, 1944 and Rules

CLAUSE(S) OF FINANCE BILL, 2016	SECTION	BRIEF OF AMENDMENT	APPLICABLE W.E.F.	NEW LAW
139	5A	The requirement of publishing and offering for sale of any notification issued, by the Directorate of Publicity and Public Relations of CBEC, has been finished.	01/01/2017	Any notification granting exemption from excise duty issued u/s 5A by Central Government shall only be published from Official Gazette.
140	11A	The time limit for issuing notice for recovery of duty, in cases not involving fraud, wilful misstatement, suppression of fact or contravention of any provision of act, has been increased from 1 year to 2 year from date of relevant date.	01/01/2017	Now Central Excise Officer can issue notice for recovery of duty within 2 years from relevant date, in case where extended period is not revoked.
141	37B	The power of Board (CBEC) has been extended to implement other provisions of the Act in addition to the power to issue orders, instructions and directions.	01/01/2017	Now CBEC can issue order, instruction, or direction for levy of duty or for implementing any provision of Act.
Infrastructure Cess	Chapter VII of Finance Bill, 2016	The Infrastructure Cess shall be levied as under: a) 1% on Petrol/LPG/CNG driven motor vehicles of length not exceeding 4m and engine capacity not exceeding 1200cc b) 2.5% on Diesel driven motor vehicles of length not exceeding 4m and engine capacity not exceeding 1500cc c) 4% on other higher engine capacity motor	01/03/2016	Three wheeled vehicles, Electrically operated vehicles, Hybrid vehicles, Hydrogen vehicles based on fuel cell technology, Motor vehicles which after clearance have been registered for use solely as taxi, Cars for physically

## **AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 CENTRAL EXCISE**

		<p>vehicles and SUVs and bigger sedans</p> <p>No credit of this Cess will be available, and credit of no other duty can be utilized for payment of this Infrastructure Cess</p>		<p>handicapped persons and Motor vehicles cleared as ambulances or registered for use solely as ambulance will be exempt from this Cess.</p>
<p>Central Excise Rules, 2002</p>		<p>a) Reducing the total no. of returns filed by certain category of Central Excise assessee from 27 to 13.</p> <p>b) Revision of excise return would be same of service tax assessee</p>	<p>01/03/2016</p>	<p>Now, only 13 returns shall be filed per year. 12 monthly returns and 1 Annual return. All the returns shall be e-filed</p>
<p>CENVAT Credit Rules, 2004</p>		<p>Amendment to improve credit flow, reduce compliance burden and litigation particularly those relating to apportionment of credit between exempted and non-exempted services/final products.</p> <p>Instruction are being given to Chief Commissioner to file application to court to withdraw prosecution in cases involving duty of less than Rs. 5 Lacs and pending for more than 15 years.</p>		

## **AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 CENTRAL EXCISE**

**I. Tariff - Amendment in Central Excise Act, 1944 - All the below changes shall be effective from 01/03/2016.**

Sl NO.	TYPE OF GOODS/DESCRIPTION	OLD RATE	NEW RATE	REMARK
1.	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored	18%	21%	
2.	Cigar, Cigarillos, Specified Cigarattes	12.5% or Rs. 3375 per thousand whichever is higher	12.5% or Rs. 3755 per thousand whichever is higher	
3.	Gutkha, Chewing Tabacco	70%	81%	
4.	Unmanufactured Tobacco	55%	64%	
5.	Paper rolled biris [whether handmade or machine made] and other biris [other than handmade biris]  However, the effective rate of basic excise duty of Rs.21 per thousand shall remain unchanged.	Rs. 30 Per Thousand	Rs. 80 per thousand	
6.	Refrigerated Containers	12.5%	6%	
7.	Micronutrients which are covered under Sr. No. 1(f) of Schedule 1 Part (A) of the Fertilizer Control Order, 1985 and are manufactured by the manufacturers which are registered under FCO, 1985	12.5%	6%	
8.	Physical mixture of fertilizers manufactured by Co-operative Societies, holding certificate of manufacture for mixture of fertilizers under the Fertilizer Control Order 1985, made out of chemical fertilizers on which duty of excise has been paid and no credit of duty paid on such chemical fertilizers has been taken under rule 3 of the CENVAT Credit Rules, 2004 and which are intended for supply to the members of such Co-operative Societies.	1% (without CENVAT credit) or 6% (with CENVAT Credit)	Nil	

## AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 CENTRAL EXCISE

9.	To increase Tariff Value of readymade garments and made up articles of textiles	30% of retail sale price	60% of retail sale price	
10.	Branded readymade garments and made up articles of textiles of retail sale price of Rs.1000 or more	Nil (without CENVAT credit) or 6%/12.5% (with CENVAT Credit)	2% (without CENVAT credit) or 12.5% (with CENVAT Credit)	
11.	Rubber sheets & resin rubber sheets for soles and heels	12.5%	6%	
12.	Increase the abatement from retail sale price (RSP) for the purposes of excise duty assessment for all categories of footwear	25%	30%	
13.	To change excise duty structure on disposable containers made of aluminium foils.	2% (without CENVAT credit) or 6%(with CENVAT Credit)	2% (without CENVAT credit) or 12.5% (with CENVAT Credit)	
14.	Refined gold bars manufactured from gold dore bar, silver dore bar, gold ore or concentrate, silver ore or concentrate, copper ore or concentrate. Prospectively, the excise duty exemption under the existing area based exemptions on refined gold is being withdrawn.	9%	9.5%	
15.	Refined silver manufactured from silver ore or concentrate, silver dore bar, or gold dore bar. Prospectively, the excise duty exemption under the existing area based exemptions on refined silver is being withdrawn.	8%	8.5%	
16.	Articles of Jewellery [excluding silver jewellery, other than studded with diamonds or other precious stones namely, ruby, emerald and sapphire] with a higher threshold exemption upto Rs. 6 crore in a year and eligibility limit of Rs.12 crore, along with simplified compliance procedure	Nil	1% (without CENVAT credit) or 12.5% (with CENVAT Credit)	
17.	Solar Lamp	12.5%	Nil	
18.	Aviation Turbine Fuel [ATF] other than for supply to Scheduled Commuter Airlines (SCA) from the Regional Connectivity	8%	14%	

## AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 CENTRAL EXCISE

	Scheme airports			
19.	Charger / adapter, battery and wired headsets / speakers for supply to mobile phone manufacturers as original equipment manufacturer.	Nil	2% (without CENVAT credit) or 12.5% (with CENVAT Credit)	
20.	Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR) / network video recorder (NVR), CCTV camera / IP camera, lithium ion battery [other than those for mobile handsets]	12.5%	4% (without CENVAT credit) or 12.5% (with CENVAT Credit)	
21.	Parts and components, subparts for manufacture of Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR) / network video recorder (NVR), CCTV camera / IP camera, lithium ion battery [other than those for mobile handsets]	12.5%	Nil	
22.	Specified parts of Electric Vehicles and Hybrid Vehicles	6% upto 31/03/2016	6% without limit	
23.	Engine for xEV (hybrid electric vehicle)	12.5%	6%	
24.	Ready Mix Concrete manufactured at the site of construction for use in construction work at such site	2% (without CENVAT credit) or 6% (with CENVAT Credit)	Nil	

## AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 – CUSTOMS

### I. Amendment in Customs Act, 1962

CLAUSE(S) OF FINANCE BILL, 2016	SECTION	BRIEF OF AMENDMENT	APPLICABLE W.E.F.	NEW LAW
113, 122	2(43), 58A, 58B	Section 2(43) are being amended and new section 58A and 58B are being inserted to add a new class of warehouses for enabling storage of specific goods under physical control of department. The process for physical control and cancellation are being prescribed.	Date of enactment	New class of warehouse along-with private warehouse.
114	Chapter III	The heading of Chapter III is being changed to “Appointment of Customs Ports, Airports Etc”	Date of enactment	
115	9	Section 9 is being omitted whereby withdrawing power to board to notify any place as warehouse station.	Date of enactment	No power to board to notify any place as warehouse station.
116	25	The requirement of publishing and offering for sale of any notification issued, by the Directorate of Publicity and Public Relations of CBEC, has been finished.	Date of enactment	Any notification granting exemption from custom duty issued u/s 25 by Central Government shall only be published in Official Gazette.
117, 118, 119 and 135	28, 47, 51 and 156	Section 28, 47, 51 and 156 are being amended to a) Increase the period of limitation from one year to 2 year for issuing notice in cases not involving fraud, suppression of facts, willful misstatement etc b) Provide for deferred payment of custom duties for importers and exporters to certain class of importer and exporters.	Date of enactment	The Custom Officer can issue the notice for recovery of pending duty upto 2 years from relevant date.

## AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 – CUSTOMS

120	53	Empowering the CBEC to frame regulations for allowing transit of certain goods and conveyance without payment of duty	Date of enactment	Now, CBEC may frame regulation in this effect.
121, 122	57 and 58	Power is being given to Principal Commissioner to license any private warehouse wherein dutiable goods imported by or on behalf of license shall be deposited.	Date of enactment	
123	59	The existing section 59 governing warehousing bonds submitted by importers availing duty deferred warehousing is being amended so as to fix the bond amount at thrice of duty involved and to furnish security as prescribed.	Date of enactment	Now the Principal commissioner may ask to submit bond upto 3 multiple of duty involved.
124	60	Section 60 is being substituted to clarify that when section 59 shall be complied with, the custom officer may order for removal of goods from a custom station for the purpose of deposit in warehouse.	Date of enactment	
126	62, 63	Both sections relating to physical control over warehouse are being omitted in view of new provision of 57, 58 and 58A.	Date of enactment	
128, 129, 130,	65, 68, 69	The sections are being amended to omit regarding payment of fees and other charges for supervision of manufacturing activities.	Date of enactment	It has been redundant after notifying new classs of warehouse.
134	73A	New section 73A is being inserted to provide the custody of warehoused goods and responsibilities including the liabilities of warehouse keepers.	Date of enactment	

## AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 – CUSTOMS

### I. Tariff - Amendment in Customs Act, 1962 and Rules there under:

SI NO.	TYPE OF GOODS/DESCRIPTION	OLD RATE	NEW RATE	REMARK
<b>Amendments affecting rates of duty</b>				
1.	Primary aluminium	5%	7.5%	
2.	Zinc alloys	5%	7.5%	
3.	Imitation jewellery	10%	15%	
4.	Industrial solar water heater	7.5%	10%	
<b>Export duty</b>				
5.	Iron ore lumps with Fe content below 58%	30%	Nil	
6.	Chromium ores and concentrates, all sorts	30%	Nil	
<b>Basic Customs Duty</b>				
7.	Cashew nuts in shell	Nil	5%	
8.	Cold chain including pre-cooling unit, packhouses, sorting and grading lines and ripening chambers	10%	5%	
9.	Refrigerated containers	10%	5%	
10.	Coal; briquettes, ovoids and similar solid fuels manufactured from coal	2.5% / 10%	2.5%	
11.	Lignite, whether or not agglomerated, excluding jet	10%	2.5%	
12.	Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon	5% / 10%	5%	

## AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 – CUSTOMS

13.	Coal gas, water gas, producer gas and similar gases, other than petroleum gases and other gaseous hydrocarbons	10%	5%	
14.	Tar distilled from coal, from lignite or from peat and other mineral tars, whether or not dehydrated or partially distilled, including reconstituted tars	10%	5%	
15.	Oils and other products of the distillation of high temperature coal tar similar products in which the weight of the aromatic constituents exceeds that of the non-aromatic constituents	2.5% / 5% / 10%	2.5%	
16.	Pitch and pitch coke, obtained from coal tar or from other mineral tars	5% / 10%	5%	
17.	All acyclic hydrocarbons and all cyclic hydrocarbons [other than para-xylene which attracts Nil BCD and styrene which attracts 2% BCD]	5% / 2.5%	2.5%	
18.	Denatured ethyl alcohol (Ethanol) subject to actual user condition	5%	2.5%	
19.	Orthoxylene for the manufacture of phthalic anhydride subject to actual user condition	SAD – 4%	SAD – 2%	
20.	Electrolysers, membranes and their parts required by caustic soda / potash unit using membrane cell technology	2.5%	Nil	
21.	Wood in chips or particles for manufacture of paper, paperboard and news print	5%	Nil	
22.	Plans, drawings and designs	Nil	10%	
23.	Specified fibres and yarns	5%	2.5%	
24.	Polypropylene granules / resins for the manufacture of capacitor grade plastic films	7.5%	Nil	
25.	E-Readers	Nil	7.5%	
26.	Parts of E-readers	Applicable BCD	5%	
27.	Magnetron of capacity of 1 KW to 1.5 KW for use in manufacture of domestic microwave ovens subject to actual user condition.	10%	Nil	

## AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 – CUSTOMS

28.	Machinery, electrical equipment and instrument and parts thereof (except populated PCBs) for semiconductor wafer fabrication / LCD fabrication units	Applicable BCD SAD	Nil BCD Nil SAD	
29.	Machinery, electrical equipment and instrument and parts thereof (except populated PCBs) imported for Assembly, Test, Marking and Packaging of semiconductor chips (ATMP)	Applicable BCD SAD	Nil BCD Nil SAD	
30.	The exemption from basic customs duty, CV duty, SAD on charger / adapter, battery and wired headsets / speakers for manufacture of mobile phone being withdrawn	BCD-Nil CVD - Nil SAD - Nil	Applicable BCD CVD - 12.5% SAD – 4%	
31.	Inputs, parts and components, subparts for manufacture of charger / adapter, battery and wired headsets / speakers of mobile phones, subject to actual user condition	Applicable BCD, CVD SAD	Nil BCD Nil CVD Nil SAD	
32.	Parts and components, subparts for manufacture of Routers, broadband Modems, Set-top boxes for gaining access to internet, set top boxes for TV, digital video recorder (DVR) / network video recorder (NVR), CCTV camera / IP camera, lithium ion battery [other than those for mobile handsets]	Applicable BCD, CVD SAD	Nil BCD Nil CVD Nil SAD	
33.	Magnetic - Heads (all types), Ceramic / Magnetic cartridges and stylus, Antennas, EHT cables, Level meters/level indicators/ tuning indicators/ peak level meters/ battery meter/VC meters / Tape counters, Tone arms, Electron guns	Nil BCD	Applicable BCD	
34.	Neodymium Magnet (before Magnetization) and Magnet Resin (Strontium Ferrite compound/before formed, before magnetization) for manufacture of BLDC motors, subject to actual user condition	Applicable BCD	2.5%	
35.	Populated PCBs for manufacture of personal computers (laptop or desktop)	Nil SAD	4% SAD	
36.	Populated PCBs for manufacture of mobile phone/tablet computer	Nil SAD	2% SAD	
37.	Silica sand	5%	2.5%	
38.	Brass scrap	5%	2.5%	

## AMENDMENTS AT A GLANCE – INDIRECT TAXES OF FINANCE BILL, 2016 – CUSTOMS

39.	Other aluminium products	7.5%	10%	
40.	Gold dore bars.	8% CVD	8.75% CVD	
41.	Silver dore.	7% CVD	7.75% CVD	
42.	Golf cars	10%	60%	
43.	Specified parts of electric and hybrid vehicles	BCD-Nil CVD – 6% Upto 31.03.2016	BCD-Nil CVD – 6% Without time limit	
44.	Aluminium Oxide for use in the manufacture of Wash Coat, which is used in the manufacture of catalytic converters, subject to actual user condition	7.5%	5%	
45.	Engine for xEV (hybrid electric vehicle)	Applicable BCD and CVD	Nil BCD 6% CVD	
46.	Tools and tool kits when imported by MROs for maintenance, repair, and overhauling [MRO] of aircraft subject to a certification by the Directorate General of Civil Aviation	Applicable BCD, CVD and SAD	Nil BCD Nil CVD Nil SAD	
47.	Braille paper	10%	Nil	
48.	Solar tempered glass / solar tempered (anti-reflective coated) glass, subject to actual user condition	Nil	5%	
49.	Medical Use Fission Molybdenum-99 imported by Board of Radiation and Isotope Technology (BRIT) for manufacture of radio pharmaceuticals	7.5%	Nil	
50.	Pulp of wood for manufacture of sanitary pads, napkins & tampons	5%	2.5%	
51.	Super Absorbent Polymer when used for the manufacture of sanitary pads, napkins & tampons	7.5%	5%	