

# BUDGET

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# 2012

## Analysis- **Service Tax** proposals

March 23'2012 [Budget presented on 16<sup>th</sup> March'2012]

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# 1. New era in service tax law

Title	Changes proposed
Approach of applicability of service tax on services changed from Positive List to Negative List.	<ul style="list-style-type: none"><li>▪ There is <b>paradigm shift</b> in the way services are proposed to be taxed in future. Taxation will be based on what is popularly known as “<b>Negative List of Services</b>”.</li><li>▪ The salient features of this approach has been explained in detail in next few slides.</li><li>▪ <b>Section 65, 65A, 66 &amp; 66A will cease to operate</b> from a specified date.</li><li>▪ <b>Section 65B, 66B, 66C, 66D, 66E and 66F are being introduced.</b></li></ul>
Date of applicability of changes proposed	<p>The changes proposed in Service Tax law can be categorized in following <b>three categories</b> with respect to their applicability:</p> <ul style="list-style-type: none"><li>▪ Applicable from 1<sup>st</sup> April'2012.</li><li>▪ Applicable from the date of enactment of Finance Bill.</li><li>▪ Applicable from the date to be notified after enactment of Finance Bill.</li></ul>



## 2. Key changes in the rate of Service Tax

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Title	Section/ Notification	Changes proposed	Effective from
Change in Tax rate	Section 66B	<ul style="list-style-type: none"><li>Rate of Service tax is being <b>increased</b> from 10% <b>to 12%</b></li></ul>	1 <sup>st</sup> April' 2012
Works Contract	<a href="#"><u>Notification no. 10/2012</u></a>	<ul style="list-style-type: none"><li><b>Works Contract</b> (Composition Scheme for Payment of Service Tax) Rules, 2007 have been amended to provide for higher rate of service tax in view of increase in basic rate of service tax.</li><li><b>Rate</b> of service tax under composition scheme has been <b>increased</b> from 4% <b>to 4.8%</b>.</li></ul>	1 <sup>st</sup> April'2012
Service tax on Life Insurance policies	<a href="#"><u>Notification no. 03/2012</u></a>	<ul style="list-style-type: none"><li>Rule 6(7A)(ii) of Service Tax Rules, 1994 is being amended to increase the rate of service tax on the 1<sup>st</sup> year premium from 1.5% to 3%. For 2<sup>nd</sup> year, it remains same at 1.5%.</li></ul>	1 <sup>st</sup> April'2012
Service tax on Air Fare	<a href="#"><u>Notification no. 06/2012</u></a>	<ul style="list-style-type: none"><li>The <b>dual rate structure</b> of ,maximum service tax of Rs. 150 (Domestic Travel) and Rs. 750 (International Travel) in the case of economy class travel is being <b>replaced by an ad valorem rate of 12%</b>.</li><li>An <b>abatement of 60%</b> shall be available which will make the effective rate to be 4.8%. In such case, <b>CENVAT credit</b> of duty on inputs and capital goods is <b>not allowed</b>.</li></ul>	1 <sup>st</sup> April'2012

# 3. Negative list approach

## An overview of impact

- In simple words, it means that if an activity meets the characteristics of a “service” it is taxable unless specified in the Negative list, **comprising 17 heads** listed in proposed **new section 66D**, or otherwise exempted by a notification issued under section 93 of the Act. Most of the 88 exemptions at present will be either rescinded, being no more needed, or modified in some manner, or merged in a mega notification, leaving the final tally of exemptions to just 10.
- The word “service” is defined in clause (44) of the new section 65B. This will also include certain activities that have been specified as declared services in section 66E. Most of these declared services are presently taxed as positive list.
- The **new charging section** is contained in **section 66B** and levies taxes on all services, other than those in the negative list, provided or agreed to be provided in the taxable territory by one person to another.
- The entire concept, including the key to understanding the various dimensions of the new taxation, together with answers to possible questions, is contained in a **detailed draft Guidance Paper: A (GPA for short)** and is attached as **Annexure A** to letter No. [D.O.F. No 334/1/2012-TRU](#) dated 16<sup>th</sup> March’2012 titled as ‘Clarification on Financial Bill 2012’ [**Refer page 15**]. The negative list, the mega-exemption notification and list of other exemptions, being retained, are a part of GPA as **Exhibits “A1”, “A2” and “A3”** respectively.
- On the coming into force of the new provisions, the earlier provisions contained in **sections 65, 65A, 66, 66A will cease to apply** but will remain relevant in respect of services provided prior to the coming into force of the new provisions.



# 4. Declared Services

Title	Section	Changes proposed	Effective from
Services declared to be taxable to avoid confusion.	66E	<ul style="list-style-type: none"><li>▪ <b>Declared services</b> have been defined as an activity carried out by a person for another for consideration as specified in Section 66E.</li><li>▪ It is clarified that they are amply covered by the definition of service but have been declared with a view <b>to remove any ambiguity</b> for the purpose of uniform application of law all over the country</li><li>▪ Following <b>9 services have been specified as declared services:</b><ol style="list-style-type: none"><li>1. Renting of immovable property;</li><li>2. Construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration is received after issuance of certificate of completion by a competent authority;</li><li>3. Temporary transfer or permitting the use or enjoyment of any intellectual property right;</li><li>4. Development, design, programming, customization, adaptation, up gradation, enhancement, implementation of information technology software;</li></ol></li></ul>	Effective from a date to be notified, after enactment of Finance Bill, 2012

# ...contd. (Declared Services)



Title	Section	Changes proposed	Effective from
		<ul style="list-style-type: none"><li>5. Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act;</li><li>6. Transfer of goods by way of hiring, leasing, licensing or any such manner without transfer of right to use such goods;</li><li>7. Activities in relation to delivery of goods on hire purchase or any system of payment by instalments;</li><li>8. Service portion in execution of a works contract;</li><li>9. Service portion in an activity wherein goods, being food or any other article of human consumption or any drink (whether or not intoxicating) is supplied in any manner as part of the activity.</li></ul>	

# 5. Changes in abatements (w.e.f. applicability of Section 66B)

[Notification no. 13/2012 dated 17<sup>th</sup> March'2012]



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S.No.	Service	Proposed taxable portion	Existing taxable portion	CENVAT Credit treatment
1.	Convention center or mandap with catering	70%	60%	All credits, except on inputs, of chapter 1 to 22, will now be available.
2.	Pandal or Shamiana with catering.	70%	70%	All credits, except on inputs, of chapter 1 to 22, will now be available.
3.	Coastal shipping	50%	75%	No credits as at present
4.	Accommodation in hotel etc.	60%	50%	Credits on input services allowed
5.	Railways: goods	30%	30%	All credits will be allowed
6.	Railways: passengers	30%	New levy	All credits will be allowed

The changes in the abatement has been compared with the existing [Notification No. 1/2006 dated 1<sup>st</sup> March'2006](#). There are 5 more services where there is no change. Changes in the abatement of Outdoor catering and Restaurant Services have been mentioned under the changes in 'Service Tax Rules' slides.





# 6. Service Recipient to pay service tax

Section	Changes proposed																						
68(2)	<ul style="list-style-type: none"> <li>A proviso is being added to sub-section (2) of section 68 and both the service provider and service receiver will be considered as persons liable to pay the tax on notified taxable services and to the extent specified against each one of them.</li> </ul>																						
<a href="#">Notification No. 15/2012 dated 17<sup>th</sup> March'2012</a>	<ul style="list-style-type: none"> <li>The scheme is <b>being introduced for three services</b> where the service provider is either an individual or a firm or LLP and the recipient is a body corporate. The three services and the portion of tax payable are as follows:</li> </ul>																						
	<table border="1"> <thead> <tr> <th>S.No</th> <th>Description of service</th> <th>Service recipient</th> <th>Service provider</th> </tr> </thead> <tbody> <tr> <td rowspan="3">1</td> <td>Hiring of a motor vehicle designed to carry passengers:</td> <td></td> <td></td> </tr> <tr> <td>(a) with abatement</td> <td>100%</td> <td>NIL</td> </tr> <tr> <td>(b) without abatement</td> <td>40%</td> <td>60%</td> </tr> <tr> <td>2</td> <td>Supply of manpower for any purpose</td> <td>75%</td> <td>25%</td> </tr> <tr> <td>3</td> <td>Works contract service</td> <td>50%</td> <td>50%</td> </tr> </tbody> </table>	S.No	Description of service	Service recipient	Service provider	1	Hiring of a motor vehicle designed to carry passengers:			(a) with abatement	100%	NIL	(b) without abatement	40%	60%	2	Supply of manpower for any purpose	75%	25%	3	Works contract service	50%	50%
	S.No	Description of service	Service recipient	Service provider																			
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		(a) with abatement	100%	NIL																			
(b) without abatement		40%	60%																				
2	Supply of manpower for any purpose	75%	25%																				
3	Works contract service	50%	50%																				
Applicability	<ul style="list-style-type: none"> <li>This notification shall come into force from the date on which section 66B of the Finance Act, 1994 comes into effect.</li> </ul>																						



# 7. Place of Provision of Services rule, 2012

Title	Particulars
Introduction	<ul style="list-style-type: none"><li>▪ An important component of the proposed changes is the introduction of the Place of Provision of Services Rules, 2012, which have been <b>released for comments and feedback for the time being</b>.</li><li>▪ <b>A draft Guidance Paper-B, or GPB</b> for short, has also been issued explaining all the various aspects relating to these rules and is attached as <b>Annexure B</b> to letter No. <a href="#">D.O.F. No 334/1/2012-TRU</a> dated 16<sup>th</sup> March'2012 titled as 'Clarification on Financial Bill 2012' [<b>Refer page 84</b>].</li></ul>
Changes proposed	<ul style="list-style-type: none"><li>▪ The new rules will <b>replace the existing Export of Services Rules, 2005 and the Taxation of Services (Provided from Outside India and Received in India) Rules, 2006</b>.</li><li>▪ <b>Rule 5 'Rebate of Service Tax' of the export rules will be incorporated in Service Tax Rules</b>.</li><li>▪ A transaction <b>will qualify as export</b> when it meets <b>following requirements</b>:<ul style="list-style-type: none"><li>• The service provider is located in Taxable territory;</li><li>• Service recipient is located outside India;</li><li>• Service provided is a service other than in the negative list.</li><li>• The Place of Provision of the service is outside India; and</li><li>• The payment is received in convertible foreign exchange</li></ul></li></ul>



# 8. Service Tax Rules, 1994

Title	Rule	Changes proposed w.e.f 1 <sup>st</sup> April'2012 [Notification no. 3/2012, dated 17 <sup>th</sup> March'2012]
Partnership firm to include LLP	2 (cd)	<ul style="list-style-type: none"><li>Partnership firm will also <b>include Limited Liability Partnership (LLP)</b>.</li></ul>
Time limit for issuance of invoice	4A(1)	<ul style="list-style-type: none"><li>The time limit for issuance of invoice <b>increased from 14 days to 30 days</b>.</li><li>In case of <b>banking and financial services</b>, this limit has been raised to <b>45 days</b>.</li></ul>
Receipt of consideration aligned with RBI's provisions	6(1)	<ul style="list-style-type: none"><li>Receipt of consideration for export of services aligned with the time prescribed by RBI (including the extended period allowed) for determining the date of payment of tax.</li></ul>
Adjustment of excess service tax	6(4B)	<ul style="list-style-type: none"><li><b>At present</b>, a service provider can adjust <b>only Rs. 2 lacs</b> out of <b>excess service paid/deposited</b> .</li><li><b>Now</b>, adjustment of excess service tax paid is <b>allowed without monetary limit</b> if the adjustment is not on account of reasons such as interpretation of law, taxability, classification, valuation or applicability of any exemption notification.</li></ul>



# ....contd. (Service Tax Rules, 1994)

Title	Rule	Changes proposed w.e.f 1 <sup>st</sup> April'2012 [ <u>Notification no. 3/2012, dated 17<sup>th</sup> March'2012</u> ]
Shifting of some provisions from Point of Taxation (POT) Rules, 2011	6(1)	<ul style="list-style-type: none"><li>▪ In case of export of services and eight specified services provided by individuals or firms, the point of taxation is the date of payment. The special dispensation has been shifted from the Point of Taxation Rules, 2011 to the Service Tax Rules, 1994. This would help provide certainty in the application of rate of tax while retaining the benefit of payment of tax until payment is received.</li><li>▪ The benefit available to individuals and firms to determine POT <b>on the basis of date of payment for eight specified services is being extended to all services</b> in a slightly modified form.</li><li>▪ The facility will be now available to individuals and partnership firms (including limited liability partnership) <b>up to a turnover of Rs 50 lacs in a financial year</b> provided the taxable turnover did not exceed this limit in the previous financial year.</li><li>▪ For computing the above limits, the <b>turnover of the whole entity is required</b> to be summed up and <b>not any single registration</b>.</li></ul>



# ....contd. (Service Tax Rules, 1994)

Title	Rule	Changes proposed <i>[will come into force after inviting comments from stakeholders]</i>
Common registration format for service tax and excise	Not specified	<ul style="list-style-type: none"> <li>▪ <b>A common simplified registration format</b> for Central Excise and Service Tax is being placed for public comments, together with further liberalization in registration requirements, particularly centralized registrations. The proposed changes are attached as <b>Annexure C</b> to letter No. <a href="#">D.O.F. No 334/1/2012-TRU</a> dated 16<sup>th</sup> March'2012 titled as 'Clarification on Financial Bill 2012' <b>[Refer page 121]</b>.</li> </ul>
Simplified one page common return for service tax and excise	Not specified	<ul style="list-style-type: none"> <li>▪ Likewise <b>a new simplified one page common return</b> with Central Excise: to be called Excise &amp; Service Tax Return (<b>EST</b> for short) is being introduced. The format of the return is given as <b>Annexure D</b> to letter No. <a href="#">D.O.F. No 334/1/2012-TRU</a> dated 16th March'2012 titled as 'Clarification on Financial Bill 2012' <b>[Refer page 123]</b>.</li> <li>▪ It is also being proposed that the cycles for the payment service tax and filing of return should coincide. To this end the tax payment requirement is proposed to be revised as follows: <ul style="list-style-type: none"> <li>• <b>Monthly return</b> : Assessee who paid tax of <b>Rs 25 lacs or more</b> in previous year</li> <li>• Quarterly return : Individual, partnership firm and LLP</li> <li>• Quarterly return : Companies having tax liability of less than Rs 25 lacs or more in previous year</li> </ul> </li> </ul>



# 9. Service Tax (Determination of Value) Rules, 2006

Title	Rule	Changes proposed w.e.f from the date when Section 66B of the Finance Act 1994 comes into effect [Notification no. 11/2012, dated 17 <sup>th</sup> March'2012]
New valuation rule for Works Contract	<b>New Rule 2A</b>	<ul style="list-style-type: none"><li>▪ A new valuation rule is being introduced <b>to substitute the Works Contract (Composition Scheme for Payment of Service Tax) Rules, 2007</b>. The value of the Works Contract is proposed to be redefined.</li><li>▪ At present value of the goods is reduced from the Gross Amount charged if the value of goods is intimated for State VAT purpose to arrive at value of service.</li><li>▪ In the new mechanism to arrive at value of service tax, the present option will continue.</li><li>▪ If value of goods is not intimated to State VAT, the assessee can still calculate the actual value of goods and the same will be relevant to arrive at the value of the service involved in the works contract.</li><li>▪ If the value of goods can not be ascertained or determined,, the value shall be specified percentage of the total value as follows:<ul style="list-style-type: none"><li>a) for original works: 40% of the total amount;</li><li>b) other contracts: 60% of the total amount;</li><li>c) for contracts involving construction of complex or building for sale where any part of the consideration is received before the completion of the building: 25% of the total amount</li></ul></li></ul>

Title	Rule	Changes proposed w.e.f from the date when Section 66B of the Finance Act 1994 comes into effect [Notification no. 11/2012, dated 17 <sup>th</sup> March'2012]												
		<ul style="list-style-type: none"> <li>Original works will include all new constructions and all types of additions and alterations to abandoned or damaged structures to make them workable.</li> <li>The total amount will be gross amount plus the value of any material supplied under the same contract or any other contract</li> </ul>												
Service involved in supply of food and drinks in a restaurant or as catering service	<b>New Rule 2C</b>	<table border="1"> <thead> <tr> <th data-bbox="662 758 768 801">S.No.</th> <th data-bbox="768 758 1238 801">Description of service</th> <th data-bbox="1238 758 1522 865">Proposed taxable portion</th> <th data-bbox="1522 758 1868 865">Existing taxable portion</th> </tr> </thead> <tbody> <tr> <td data-bbox="662 865 768 1015">1</td> <td data-bbox="768 865 1238 1015">Service portion in the supply of food or any other article of human consumption or drink at a restaurant</td> <td data-bbox="1238 865 1522 915">40%</td> <td data-bbox="1522 865 1868 915">30%</td> </tr> <tr> <td data-bbox="662 1015 768 1150">2</td> <td data-bbox="768 1015 1238 1150">S. No.1 provided from a premises elsewhere(outdoor catering)</td> <td data-bbox="1238 1015 1522 1065">60%</td> <td data-bbox="1522 1015 1868 1065">50%</td> </tr> </tbody> </table>	S.No.	Description of service	Proposed taxable portion	Existing taxable portion	1	Service portion in the supply of food or any other article of human consumption or drink at a restaurant	40%	30%	2	S. No.1 provided from a premises elsewhere(outdoor catering)	60%	50%
S.No.	Description of service	Proposed taxable portion	Existing taxable portion											
1	Service portion in the supply of food or any other article of human consumption or drink at a restaurant	40%	30%											
2	S. No.1 provided from a premises elsewhere(outdoor catering)	60%	50%											
Where value is not determinable	Rule 3	<ul style="list-style-type: none"> <li>At present Rule 3 has been inadvertently made applicable to 5 situation where consideration received is not wholly or partly consisting of money, which is fully covered by the Act.</li> <li>Now, it is proposed to amend Rule 3 of valuation rules to provide that 'prescribed manner' in Rule 3 will be applicable only in the cases where valuation is not ascertainable</li> </ul>												



# ...contd. [Service Tax (Determination of Value) Rules, 2006]

Title	Rule	Changes proposed w.e.f from the date when Section 66B of the Finance Act 1994 comes into effect [ <a href="#">Notification no. 11/2012, dated 17<sup>th</sup> March'2012</a> ]
Inclusion and exclusions from taxable value	6(1) & (2)	<ul style="list-style-type: none"><li>▪ The amount realized as <b>demurrage for provision of services beyond contracted period</b> or for any other reason shall be <b>included in the value of taxable services</b>.</li><li>▪ The value of taxable services <b>shall not include interest on deposits, delayed payment or consideration for services or goods and accidental damages</b> not relatable to the provision of services.</li></ul>





# 10. Point of Taxation Rules, 2011

Title	Rule	Changes proposed w.e.f 1 <sup>st</sup> April'2012 [ <a href="#">Notification no. 4/2012, dated 17<sup>th</sup> March'2012</a> ]
Date of payment	<b>New Rule 2A</b>	<ul style="list-style-type: none"><li>▪ The “date of payment” could be a subject of litigation particularly when effective rate changes. A new rule has been created: Rule 2A, keeping in view the impending change in rate effective April 1, 2012 and introduction of Negative List at a later date.</li><li>▪ In normal circumstances this date shall be the earlier of the dates of entry into books of accounts or actual credit in the bank account (when applicable).</li><li>▪ However, when there is change in effective rate of tax or a new levy between the said two dates, the date of payment shall be the date of actual credit in the bank account, if the amount is credited through a banking instrument more than four working days after the date of such change.</li><li>▪ This will have no impact where invoice is the basis for point of taxation.</li><li>▪ Thus business may be advised to take steps to deposit all advances received up to March 31, 2012 in their bank accounts suitably. Any delay in this regard will lead to charging tax at higher rate.</li></ul>



# ....contd. (Point of Taxation Rules, 2011)

Title	Rule	Changes proposed w.e.f 1 <sup>st</sup> April'2012 [Notification no. 4/2012, dated 17 <sup>th</sup> March'2012]
Point of taxation in respect of small <b>advances up to Rs 1000</b>	3	<ul style="list-style-type: none"><li>As a measure of added facilitation, an option has been provided to determine the point of taxation in respect of <b>small advances up to Rs 1000</b>, in excess of the amount indicated in the invoice, on the basis of invoice or completion of service rather than payment.</li><li>Such provision is expected <b>to address the accounting problems</b> faced by service providers in telecommunications, credit card businesses who regularly receive minor excess payments from their customers</li></ul>
<b>Best Judgment Rule</b>	<b>New Rule 8A</b>	<ul style="list-style-type: none"><li>A residual rule has been made by way of best judgement to handle situations where the taxpayer is unable to furnish one or more of the details needed i.e. date of payment or date of invoice or both to determine POT.</li></ul>



# 11. CENVAT Credit Rules, 2006

Title	Rule	Changes proposed w.e.f 1 <sup>st</sup> April'2012 [Notification no. 18/2012-CE, dated 17 <sup>th</sup> March'2012]
Credit on Motor Vehicle and related services	2	<ul style="list-style-type: none"><li>Presently credit on all motor vehicles is not available except to a few specified service providers. This is being liberalised and credit on motor vehicles, other than those falling under tariff heading 8702, 8703, 8704, 8711 and their chassis, will be allowed. The credit of service tax paid on their hiring, insurance and repair will also be allowed.</li></ul>
CENVAT credit on input and capital goods before being brought in premise	4(1) & 4(2)	<ul style="list-style-type: none"><li>Presently credit on goods can be taken only after they are brought to the premises of the service provider.</li><li>Now, relevant provisions have been amended to allow credit without bringing them into premises subject to due documentation regarding their delivery and location.</li></ul>
Refund scheme simplified	5	<ul style="list-style-type: none"><li>A simplified new scheme for refunds has been introduced by substituting the entire Rule 5 of CCR, 2004. The new scheme does not require the kind of correlation that is needed at present between exports and input services used in such exports. Duties or taxes paid on any goods or services that qualify as inputs or input services will be entitled to be refunded in the ratio of the export turnover to total turnover.</li><li>The notification prescribing the detailed manner and safeguards will be issued by the Policy wing shortly</li></ul>



# ....contd. (CENVAT Credit Rules, 2006)

Title	Rule	Changes proposed w.e.f 1 <sup>st</sup> April'2012 [Notification no. 18/2012-CE, dated 17 <sup>th</sup> March'2012]
Duty payable on removal of used capital goods	5A	<ul style="list-style-type: none"> <li>Duty payable on removal of used capital goods on which credit has been taken would be as per straight line method prescribed under the regulations or transaction value, whichever is higher.</li> <li><b>This amendment is effective from 17<sup>th</sup> March'2012</b></li> </ul>
Reversal of duty	6(3)	<ul style="list-style-type: none"> <li><b>Reversal on exempted goods and services</b> has been <b>increased</b> from 5% to <b>6%</b> due to increase in the rate of tax.</li> </ul>
Manner of distribution of credits by an Input Service Distributor (ISD)	7	<ul style="list-style-type: none"> <li>Rules to determine <b>manner of distribution of credits by an ISD</b> amended to provide:               <ul style="list-style-type: none"> <li>Credit attributable to a specific unit has to be distributed only to that unit</li> <li>In respect of common services, distribution to be on a prorata basis linked to turnovers of the respective units to which the service relates.</li> </ul> </li> </ul>
Transfer of unutilized credit of SAD	<b>New Rule 10A</b>	<ul style="list-style-type: none"> <li>Provisions inserted allowing a manufacturer to transfer unutilized credit of SAD to its other registered premises subject to conditions.</li> </ul>
<b>Interest on wrongly availed credit not levied</b>	14	<ul style="list-style-type: none"> <li><b>Presently</b>, interest is applicable is an assessee avail or utilize wrong credit.</li> <li><b>Now</b>, the rule has been changed to have the effect that interest will be levied only when the wrongly availed credit is utilized.</li> </ul>



# 12. Other important changes

Title	Section of Finance Act, 1994	Changes proposed w.e.f enactment of the Finance Bill
Point of applicability of rates of service tax , rates of exchange etc.	<b>New Section 67A</b>	<ul style="list-style-type: none"> <li>The tax rate, value of service and exchange rate prevailing at the time of providing or agreeing to provide the service shall apply.</li> </ul>
<b>Special Audit</b>	<b>New Section 72A</b>	<ul style="list-style-type: none"> <li>Commissioner of service tax has been empowered to initiate audit of books of account in specified circumstances.</li> </ul>
<b>Limitation period of show cause notice</b>	73	<ul style="list-style-type: none"> <li><b>One year period of limitation to issue notice has been extended to 18 months.</b></li> <li>For subsequent period, mere a statement quantifying demands shall be considered as notice.</li> </ul>
<b>Immunity from penalty on service tax on renting of immovable property</b>	<b>New subsection 80(2)</b>	<ul style="list-style-type: none"> <li>Penalty shall be waived for those taxpayers who pay the service tax due on the renting of immovable property service (as on the sixth day of March, 2012), in full along with interest within six months.</li> <li>Section 80A is being introduced for this purpose. Those who fail to avail the benefit will be treated as if this section did not exist.</li> </ul>



## ....contd. (Other important changes)

Title	Section of Finance Act, 1994	Changes proposed w.e.f enactment of the Finance Bill
Time limit of appeal to Commissioner (Appeals) reduced	85(3A)	<ul style="list-style-type: none"><li>▪ <b>Presently</b>, an assessee can file its appeal before the Commissioner (Appeals) with in <b>3 months</b> from the date of order.</li><li>▪ <b>Now</b>, this time limit is being <b>reduced to two months</b>.</li><li>▪ Similarly, time limit to condone the delay has been reduced from 2 months to 1 month.</li></ul>
Time limit to file an appeal with Tribunal extended or the Government	86	<ul style="list-style-type: none"><li>▪ Time limit for the Government to file an appeal before the Customs Excise and Service Tax Appellate Tribunal has been increased from three to four months.</li></ul>
Provisions of Settlement Commission	83	<ul style="list-style-type: none"><li>▪ Provision of settlement commission, on the line of Central Excise, has been made applicable to Service Tax law as well.</li></ul>



# 13. Goods & Service Tax (GST)- an update

Particulars
▪ GST implementation date not yet announced.
▪ Recommendations awaited from the Parliamentary Standing Committee on the Constitution Amendment Bill.
▪ Drafting of model legislation for Centre and State GST in concert with States is under progress.
▪ The structure of GST Network has been approved by the Empowered Committee of the State Finance Ministers.
▪ <b>GST Network to be operational from August'2012.</b>
▪ GST Network will implement common PAN based registrations, returns, payments processing for all States on a shared platform.

# 14. About us



Blue Consulting Pvt. Ltd.

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- Blue Consulting or 'BC' provides value added and high quality services in the domain of Finance & Accounts:
  - Consulting services
  - Finance & Accounts Outsourcing Services
  - Internal Audits
- BC, has its roots in a well established, **four decade old chartered accountants firm.**
- Utilizing forty years of industry experience and functional expertise, BC looks innovatively beyond standard solutions to develop new insights, drive tangible results, and empower clients to achieve greater results.
- Key associates at BC have rich experience in the area of Finance, Taxation, Accounts, Management and Information Technology.
- Providing quality service with complete responsibility is natural to our corporate culture





# 15. Contact us

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If you have any professional query regarding this document, please contact us as below:

## Chandan Goyal

Chief Executive Officer

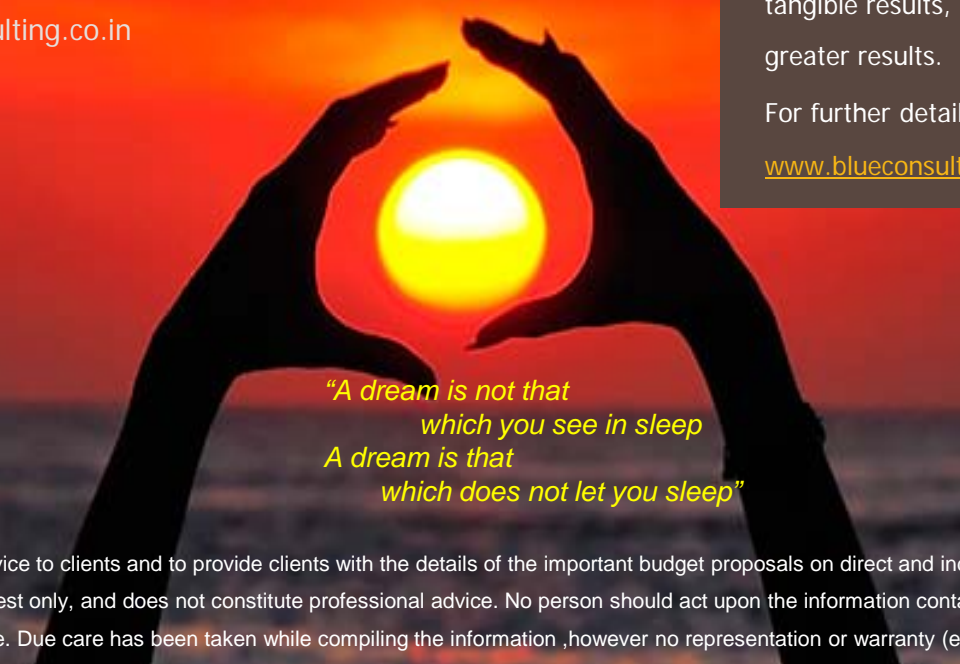
chandan.goyal@blueconsulting.co.in

+91 98104 10421

+91 120 4548831

Delhi

Pune



*"A dream is not that  
which you see in sleep  
A dream is that  
which does not let you sleep"*

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