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- CBEC Notification imposes service tax on interest on delayed payment in case of any service provided by the Government or a Local authority to a business entity.
- Delhi Tribunal held Excise Duty not to be levied on packing material used in relation to export of goods, even if it is discarded as scrap at port.
- CBEC Circular relaxing KYC Norms in Customs for courier companies.

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EXCISE LAWS


Notifications and circulars

- CBEC issued a Circular No. 1022/10/2016-CX dt. 06/04/2016, settling the issues related to the classification of Micronutrients, Multi-micro Nutrients, Plant Growth Regulators and Fertilizers.
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- CBEC vide its Circular No. 1023/11/2016-CX dt. 08/04/2016 elucidated various issued related to the adjudication of show cause notices issued on the basis of audit observation of Central Excise Revenue Audit (CERA) and Customs Revenue Audit (CRA). The same has been issued to provide a clear procedure for the field officers to deal with the CERA / CRA objections.
 - Vide Circular No. 1024/12/2016–CX dt. 11/04/2016, CBEC has addressed the issues related to re-refined or waste oil. Now if the waste oil is processed and when one of the process listed in the chapter note is carried out on lubricating oil or lubricating preparations, it shall be deemed to be manufacture.
 - CBEC has issued Circular No. 1025/13/2016-EX dt. 22/04/2016, to constitute a sub-committee of the high level committee earlier constituted. The said sub-committee will review the compliance procedure for the excise duty imposed on jewelers, including records

to be maintained, operating procedures and any other issues that may be relevant. All associations will be given an opportunity to submit representation before the sub-committee in writing and the all India associations to state their case in person.

- CBEC issued a Notification No. 19/2016 dt. 26/04/2016, through which it has simplified the procedure of import of goods at concessional rate for for units engaged in Maintenance, Repair and Overhaul of Aircrafts.


Judgements

- In the case of M/s. Alom Extrusion Ltd. v/s. Commissioner of Central Excise, Kolkata-II - 2016 (4) TMI 447, it has been held by CESTAT Kolkata that the clearances made by one 100% EOU to the another 100% EOU, which is termed as deemed export, should be treated as physical export for the purpose of entitlement refund of unutilized Cenvat Credit contemplated under the rules of Cenvat Credit Rules-2004.
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- Export Oriented Unit**
- It has been held by the Delhi Tribunal, in the case of Ambika Solvex Ltd. v/s. Commissioner of Central Excise, Indore [(2016) 68 taxmann.com 155 (New Delhi - CESTAT)] that Excise duty is not leviable on packing material used in relation to export of goods, even if it is discarded as scrap at port.


- The Chennai CESTATE, in case of M/S Indo Shell Mould Ltd. v/s. CCE, Coimbatore [2016 (4) TMI 369], has held that Cenvat Credit on capital goods cannot be denied merely because at the time of availing Cenvat Credit, the assessee was not in possession of such capital goods.

CUSTOM

Notifications and Circulars


- According to the Instruction No. F. No. 401/69/ 2016 - Customs dt. 22/04/2016, Registration Documents need not be demanded by the Customs officers, in relation to goods not specified under the Legal Metrology Act, 2009. 
- CBEC has issued Notification No. 29/2016-Customs dt. 26/4/2016, to simplify the procedure of import of goods at concessional rate for the maintenance, repair or overhauling of aircraft by the units approved by the Director General of Civil Aviation.
- CBEC vide its Circular No. 13/2016-Customs dt. 26/4/2016, has relaxed KYC norms for courier companies.

Case laws

- It has been held by High Court of Madhya Pradesh, in the case of M/s. Green Globe Trading Company v/s. The Union of India and Others [2016 (4) TMI 790], that an additional condition cannot be imposed by way of a trade notice, in the absence of any amendment made in the Import-Export policy framed by Central Government by way of a notification. 
- In the case of M.R.K. Impex Pvt. Ltd. v/s. Commissioner of Customs (Prev.), Kolkata [2016 (4) TMI 608, it has been held by the CESTAT that import of second hand capital goods is not restricted, even if cut into small pieces of different sizes.

SERVICE TAX

Notifications and circulars

- Vide Notification No. 22/2016 dt. 13/04/2016, CBEC has amended Notification No. 25/2012 of Mega Exemption, now exempting certain services provided by Government or a Local authority to a Business entity. Earlier the said exemption was only for services provided by a Government Authority. 

- Vide Notification No. 23/2016 dt. 13/04/2016, CBEC has inserted a proviso to Rule 6(2)(iv) which imposes service tax on interest on delayed payment in case of any service provided by the Government or a Local authority to a business entity.
- CBEC has issued a Notification No.24/2016 dt. 13/04/2016, regarding the point of taxation in the case of services provided by the government or local authority, inserting a proviso in Rule 7 according to which in case of services provided by the Government or local authority to any business entity, the point of taxation shall be the earlier of the following dates:
 - On which any payment, part or full, in respect of such service becomes due, as specified in the invoice, bill, challan or any other document issued by the Government or local authority demanding such payment; or
 - On which payment for such services is made.
- CBEC vide its Circular No. 192/2/2016 dt. 13/04/2016 has clarified the various issues related to the taxability of transactions under service tax for the various services provided by the Government or local authorities.

Judgements

- In the case of Commissioner of Service Tax v/s. Kyocera Wireless (India) (P.) Ltd. [(2016) 68 taxmann.com 164 (Karnataka)], The Karnataka High court, vide its' order dated 8th March 2016, has held that "*Cenvat credit and refund thereof cannot be denied on ground of non-registration*".
- The Mumbai CESTAT, in the case of Gondwana Club v/s. Commissioner of Customs & Central Excise, Nagpur [(2016) 68 taxmann.com 240 (Mumbai-CESTAT)] has held that Service tax is not payable on concessional rent recovered from the employees from the immovable properties given to them on rent.
- The Mumbai CESTAT, in the case of Greenwich Meridian Logistics (India) Pvt Ltd. v/s. Commissioner of Service Tax Mumbai [2016 (4) TMI 547 - CESTAT MUMBAI], has held that Service tax is not payable on the notional surplus earned from sale and purchase of space on the vessel.
- In the case of Commissioner of Service Tax, Mumbai-II v/s. Global S.S. Construction (P.) Ltd. [(2016) 68 taxmann.com 239 (Mumbai - CESTAT)], it has been held that operation of plant of client is covered under '*Business Support Service*' instead of '*Maintenance or Repair Service*', and hence exempt from Service tax prior to May 1, 2011.



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