

Bid Adieu to LTU

(G. Natarajan, Advocate, Swamy Associates)

The Large Taxpayer Units were introduced with much fanfare by the previous FM. Over the years, not many assesses have opted for LTU, as nothing much is different in a LTU from a normal Central Excise Office, other than the issue of Visitors Pass with Access cards and the corporate atmosphere in terms of furnishing, etc.

The only two incentives for any large taxpayer to opt for LTU are

- Transfer of goods between the units, without payment of duty, which otherwise involve determination of value as per CAS 4.
- Transfer of cenvat credit from one unit (where there is accumulation of credit) to other unit (where credit is required).

Of the above, the first one is also having a fetter that if the final products are not cleared on payment of duty or for export within 180 days, duty should be paid along with interest.

So the real incentive was only the second one.

But, now this incentive has been withdrawn vide notification 21/2014 CE NT.

So, the LTU is no more lucrative and we can soon see an exodus from LTU.