
BUDGET – 2014

AN INSIGHT

by

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LEGISLATIVE CHANGES

- Third parties to provide required information **or face the music** – Section 15A & 15B introduced (CEA / FA)
- e-payment made compulsory with certain exceptions (CEA / FA)
- Non-filers of monthly returns can also file applications before the Settlement Commission (CEA / CA / FA)

LEGISLATIVE CHANGES

- No more draconian provisions relating to expiry of stay orders in 180 / 365 days – Section 35C(2A) amended (CEA / CA / FA)
- Mandatory pre-deposit of 7.5% and 10% of duty & penalty prescribed with a ceiling of Rs.10 crores – Section 35F substituted (CEA / CA / FA) – **Stay @ Bay**
- Advance Rulings extended to Indian Private Limited companies (CEA/CA/FA)

FINANCE ACT, 1994

LEGISLATIVE CHANGES

- Space selling for advertisement in “print media” alone would be in Negative List – Section 65B amended
 - “print media” :- “book” as defined under Press and Registration of Books Act, 1867 but does not include business directories, yellow pages and trade catalogues which are primarily meant for commercial purposes;
 - “newspaper” as defined under Press and Registration of Books Act, 1867

LEGISLATIVE CHANGES

- “Radio Taxi” removed from Negative List – Section 65B amended
 - “radio taxi” means a taxi including a radio cab, by whatever name called, which is in two-way radio communication with a central control office and is enabled for tracking Global Positioning System (GPS) or general Packet radio Service (GPRS) as defined under Press and Registration of Books Act, 1867

LEGISLATIVE CHANGES

- Rules to be made for determination of rate of exchange – Section 67A amended
- Time limits prescribed for adjudication – Section 73 amended

LEGISLATIVE CHANGES

- In case of serious offences, though the details are available on records, no waiver of Section 78 penalty – Section 80 amended
- Power to introduce explanation in a notification retrospectively but within one year – Section 83 amended to include Section 5A(2A)

LEGISLATIVE CHANGES

- Power to recover dues of the predecessor from the assets of the successor purchased from the predecessor – Section 87 amended
- Deterrent measures such as freezing of Cenvat credit etc, to apply for service tax cases also – Section 94 amended

CENVAT CREDIT RULES, 2004

- Transfer of credit by a Large Taxpayer (LTU) from one unit to another unit disallowed – **Bid adieu to LTU**
- Cenvat credit of inputs and input services to be taken within 6 months from the date of the document – **Not applicable to Capital Goods**
- When service tax on input service is paid on reverse charge fully by the recipient, Cenvat credit of such input service can be taken immediately after such payment – **No need to remit the value**

CENTRAL EXCISE RULES, 2002

- “In case of default in payment of duty, the assessed shall pay a penalty of 1% per month on the amount of duty not paid for each month or part thereof – Sub-rule 8(3A) amended

CE VALUATION RULES, 2000

- Sale price below manufacturing cost plus profit to be accepted as transaction value if there is no additional consideration – Rule 6 amended – **FIAT ratio undone**

SERVICE TAX – AMENDMENTS

- Bio – medical waste disposal – exempted
- Exemption to technical testing and clinical trials of new drugs withdrawn
- Education related exemption rationalised – **Back to square one**
- Transportation by rail/vessel/road, loading & unloading, and storage of cotton exempted
- Air-conditioned contract carriages liable to Service Tax

SERVICE TAX – AMENDMENTS

- Reverse charge for Recovery Agents
- Reverse charge for “Directors” of “body corporate”
- Interest rates increased for delayed payment of Service Tax
 - Upto 6 months – 18%
 - 6 months to one year – 24%
 - More than one year – 30%

SERVICE TAX – AMENDMENTS

- Substantial changes in rent-a-cab service
- Rent-a-cab reverse charge liability – 50% instead of 40%, if the service provider avails credit
- Tour operator claiming abatement can take credit of sub-contractor operators
- Motor cab – Credit for input services – **Innova???**

SERVICE TAX – AMENDMENTS

- Service Tax (Determination of Value) Rules, 2006 amended to merge categories B & C under Rule 2A of the Works Contract Service to 70%
- Point of Taxation Rules, 2011 amended to calculate POT for reverse charge
- Place of Provision of Services Rules, 2012 amended to include commission agents of goods under the definition of “intermediary”

MISCELLANEA

- Third Schedule of CEA aligned to be in line with the MRP Notification
- Baggage allowance increased from Rs.35000/- to Rs.45000/- for an overseas stay of 3 days and from Rs.15000 to Rs.17500 for within 3 days stay
- Manner of distribution of common input service credit under Rule 7(d) of Cenvat Credit Rules, 2004 clarified
- Double levy of CESS on DTA clearances by 100% EOU's removed

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