

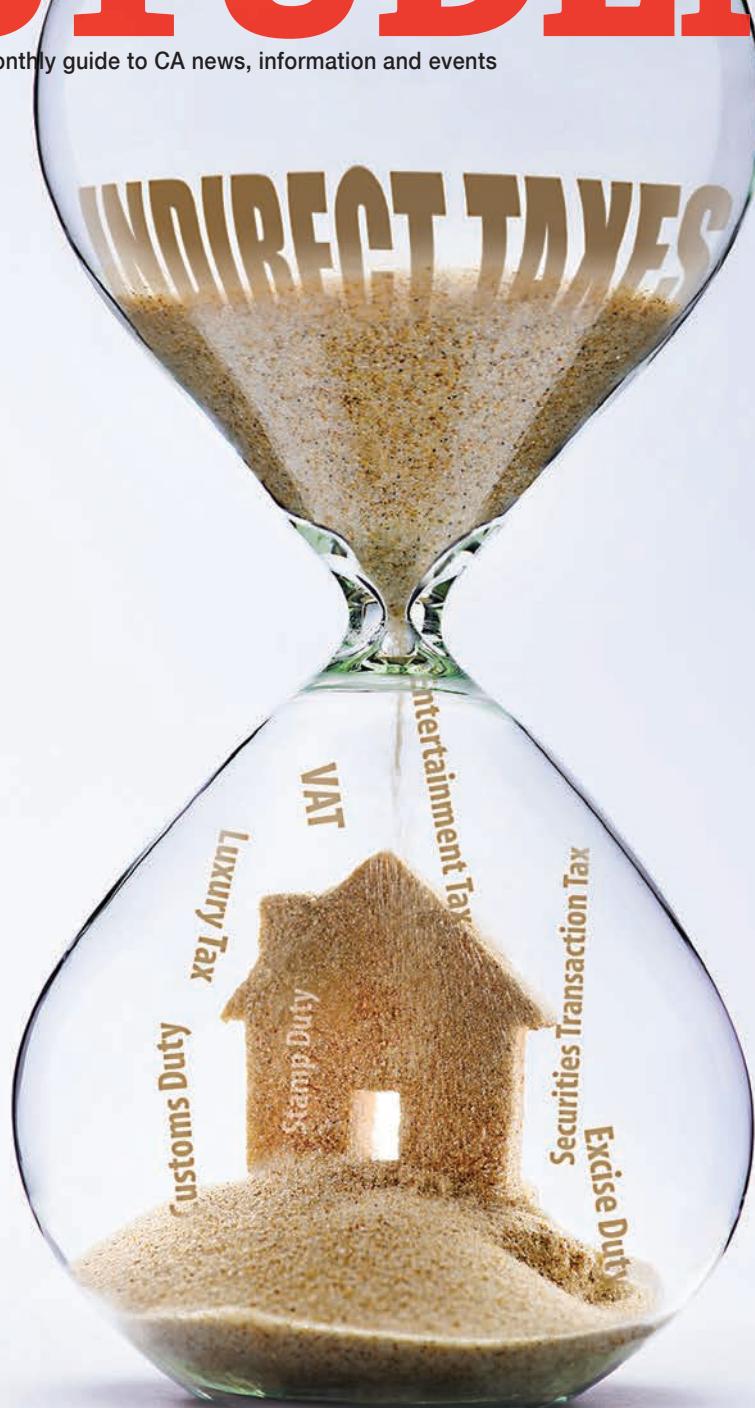


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The Chartered Accountant **STUDENT**

Your monthly guide to CA news, information and events



**Special issue on Indirect Taxes:
IPC and Final May 2017 Examination**

GLIMPSES ||



President, ICAI, CA. Nilesh S. Vikamsey addressing the Students Interaction Programme at Bhopal. Central Council Member, CA. Prakash Sharma, Chairman, Bhopal Branch, CA. Saurabh Shrivastava, Branch CICASA Chairman, CA. Zuber Ullah Khan, Regional Council Member, CA. Charchil Jain also seen.



President, ICAI, CA. Nilesh S. Vikamsey and Central Council Member, CA. Prakash Sharma with the Students and Managing Committee members of Bhopal Branch at the Students Interaction Programme.



Chairman, Board of Studies, CA. Atul Kumar Gupta and Central Council Member, CA. Prakash Sharma with the students of Jaipur Branch during an interaction programme. The then Chairman, Jaipur Branch, CA. Dinesh Kumar Jain also seen.



Vice Chairman, Board of Studies, CA. Mangesh Kinare with the students of Ratnagiri Branch at an interaction programme. Branch Chairman, CA. Bhushan Nulye, Secretary, CA. Anthony Rajasekhar, Treasurer, CA. Abhijit Chavan and Managing Committee Member, CA. Vipin Shaha also seen.

CROSSWORD SOLUTION – MARCH 2017

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|| PRESIDENT'S COMMUNICATION



My Dear Students,

At the outset, I would like to extend my best wishes to all of you as you gear up for the forthcoming May 2017 examination. This communication reaches you amidst your exam preparations. As you have reached the last phase of your preparation, you must invest all your productive energy towards studies. Sincere efforts coupled with a disciplined approach will help you attain the desired results. Your time is valuable therefore, you will have to plan each day meticulously and work accordingly to achieve success. You must calibrate your efforts for all papers and apportion your time accordingly. Most importantly, manage your time optimally so that you can achieve more in less time. Prepare an action plan for the month and judiciously follow the same. Remember meticulous planning followed by impeccable execution leads to success.

I urge you to use the resource material provided by Board of Studies extensively for an integrated and guided approach. Regular BoS publications such as Practice Manuals, Revision Test Papers and Suggested Answers help to streamline your preparation. E-initiatives such as E-lectures, Video Lectures, and Online Mentoring Sessions. Summarized comments by examiners on the past exam featured in this issue titled "Typical Errors" is a must read to give you an insight into common errors, pitfalls and mistakes to be avoided.

The Institute is mindful of your efforts and values your time immensely. We at ICAI are committed to provide best support services and learning resources to our students to maximize participation, ensuring maximum success in examinations. One such initiative has recently been taken wherein Board of Studies (BoS) of ICAI has started organizing webcasts on difficult topics for all subjects for the May 2017 IIPC and Final examinations including methodology to prepare for Exams. These webcasts will bring class-room teaching to your door-step and connect you with the mainstream

where you can interact with the BoS faculty online, to clarify your doubts. These are scheduled from March 20 till April 14, 2017 followed by Mock Test for all subjects of IIPC and Final. You are advised to view the webcasts to supplement your knowledge. These webcasts are already a hit amongst students and have raked in viewership of more than two thousand students. For a reality check on your preparation, you must take these Mock tests sincerely. In addition, you are also advised to attempt past examinations' Question papers under examination conditions. Thereafter, Suggested Answers can be utilized for evaluation. This exercise will not only enable you to identify learning gaps but also help to self-assess your answers, guiding you to make necessary changes in strategy/style enabling you to improve presentation skills, preparing you psychologically for the exam by alleviating your anxiety.

Another recent initiative is the 23 page exclusive feature included in this issue on Indirect Tax that encapsulates important concepts and presents them succinctly. This would help you to revise the entire subject in minimal time just before the exams. We shall continue to bring in many more such innovative learning resources to guide you to excel in your efforts.

Besides ongoing initiatives, BoS is working tirelessly on an array of activities to facilitate best learning resources, infrastructure and services to our students in the coming months like: Implementation of Revised Scheme of Education and Training, Installing a centralized toll free student helpline, Providing world class reading rooms at subsidized rates across the country, Providing subsidized coaching classes, Improving the article placement portal to include industrial training, Streamlining publication and dispatch of study material, providing study material in e-book form and providing the published study material on demand.

The great saint and philosopher Swami Vivekananda said: *Take up one idea. Make that one idea your life - think of it, dream of it, live on that idea. Let the brain, muscles, nerves, every part of your body, be full of that idea, and just leave every other idea alone. This is the way to success.*

It is my firm belief that if you give your best with undeterred focus and singleness of purpose, you shall come out with flying colours in the forthcoming exams.

All the best!

A handwritten signature in black ink, appearing to read "N. S. Vikamsey".

CA. NILESH S. VIKAMSEY
PRESIDENT
ICAI, NEW DELHI

VICE PRESIDENT'S COMMUNICATION ||



Dear Students,

The May 2017 examinations are round the corner. Chartered Accountancy examinations are a way for assessing the professional knowledge and skills acquired by the students. It is important for the students to study well, assimilate the concepts and write appropriate answers in the examinations to score good marks.

In the last few years the power of internet and digitization has grown exponentially and is changing the traditional way of life – as Government and businesses are adopting technology for the growth of economy. I recommend you all to start harnessing the power on Internet in your daily life, in your studies – watch live webcast organized by BoS, use ICAI Cloud campus – next generation interactive learning system to plan your studies anytime, anywhere through ebooks, lectures, live mentoring and more.

With about a month left for the examinations, it is time for the students to gear up their efforts. Continue to work hard with eyes well set towards your goals. Dr. A.P.J. Abdul Kalam said, "**To succeed in your mission, you must have single-minded devotion to your goal**" I am quite sure that with the hard work and dedication you will not only pass the examination, but will also secure good marks. I take this opportunity to convey my best wishes to all the students who are appearing for the May 2017 examinations.

You have to follow a systematic and well-planned time table for your regular studies. Passing the Chartered Accountancy examinations cannot be achieved merely through rote learning. Concentrate on your studies and develop an integrated approach to learn the practical aspects. Success in CA examinations requires clear understanding of applicability of theoretical concepts in real life situations. The Articleship training is a golden opportunity for you to understand the practical niceties of theoretical concepts. You can sharpen your technical and analytical skills with the help of Articleship training.

The Board of Studies provides a wide range of resources designed for your respective subjects

including study materials, Practice Manual, Compilation of Suggested Answers, Revision Test Papers and so on. The study materials help you to perform well in the examinations. The importance of the study material and other inputs provided by the Board of Studies has been often highlighted by the meritorious students in our interaction with them. Their feedback has only reinforced the importance of the material provided for the preparation. Study materials can be supplemented by the textbooks but the latter cannot replace the former. For holistic learning, you should also read a few standard business magazines and at least one financial newspaper. Especially go through the matters related to corporate and tax laws, information technology and business environment.

I hope that by this time you must have acquired copies of the Revision Test Paper for May, 2017 examinations and Suggested Answers to previous examinations. If not you must get them at the earliest. It would also be rewarding for you to attempt self examination/assessment tests based upon previous question papers. Compare your answers with the suggested answers. This exercise would definitely help you to boost up your confidence level and morale.

You must also go through the Summary of Examiner's Comments of previous examinations. This will help you in identifying the common mistakes committed by the students in the examinations. Remember - "*A Wise Man Learns by the Mistakes of Others, a Fool by His Own.*" You can avoid the slip-ups made by the students in earlier examinations and improve your answers. You may also refer "the typical errors" committed by the students in the later pages of this journal.

During the examination days and particularly in the examination hall, you should maintain your cool. Fear of examinations, tension, stress and anxiety can spoil your performance. While some anxiety is helpful in enhancing the efforts, too much of stress and tension can hamper your ability to do well. You may tend to forget, your mind can get blank while writing the answers. First and foremost is that you should believe in yourself and your abilities. You should remember that the students like you not only pass the examinations but also secure very good marks. "*Believe in yourself! Have faith in your abilities! Without a humble but reasonable confidence in your own powers you cannot be successful or happy.*" - Norman Vincent Peale.

Wish you all the best.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Naveen N. D. Gupta".

CA. NAVEEN N. D. GUPTA
VICE PRESIDENT, ICAI, NEW DELHI

|| CHAIRMAN'S COMMUNICATION



My Dear Students,

Many of you must be in the midst of preparation for the forthcoming examinations. I convey my best wishes to all of you who are appearing in the May 2017 attempt. Normally, we believe that examinations of Chartered Accountants are very tough. Being a professional course, they need to be rigorous enough to fully test the knowledge and skill set of students, still, you should not be scared, rather take them as a challenge. The "virtues" required for passing exams are **strong willpower, commitment and insatiable yearning for knowledge**; everything else will automatically follow. If you give sufficient reading along with practice, attempting exams will be a pleasant experience. No examination is simple or difficult, even the simplest of the examinations can be made difficult by an unwilling learner. If you are preparing for exams in a systematic and consistent manner, success will chase you. Your hard work, determination and professional approach will definitely reward you.

It has been always an endeavour of Board of Studies to assist our students. Our objective in Board of Studies is not only to equip you for exams but also to provide reliable, updated and useful study material to have conceptual understanding along with practical exposure of various subjects. In this direction, we have made a new beginning wherein we will be publishing key concepts of a subject every month in Students' Journal. April issue is dedicated to 'Indirect taxes' subject of CA-Final for May 2017 attempt which may assist IPC students as well. You are advised to go through the same for conceptual understanding and last minute revision.

Recently, we circulated mass mails and SMS to update students for series of webcast and Mock test. We planned in such a way that after every webcast, wherein ICAI faculties will be summarising the concept, next day the student should appear in mock test so that they can introspect about their preparation and accordingly, give more time to weak areas. These mock tests also offer

chance of self-evaluation that whether you are ready to complete the paper within the allotted time.

Dear students, your Board of Studies has also developed a road map for the year 2017-18 with a vision that our students should get all the support services on their doorstep. We wish to see you as a vibrant, dynamic and disciplined Professional. Some of them are:

1. National network of high quality reading rooms and ITT labs to support students of ICAI. Further, course curriculum of GMCS, ITT will be revised to make it catalyst for students' success.
2. Systemize Help-Line for students to answer both subject specific queries and administration related issues/help.
3. Providing updated Study Material to students at their door-step.
4. Series of webcast and mock test for exam support to students.
5. Special One Day Program for Students to contribute in overall development apart from various skill sets.
6. Launching the new course of ICAI from July 2017 to offer global opportunities to CA Students.
7. Three months optional Residential GMCS to work on various facets of personality.
8. Hosting of all study Material in E-learning Mode along with Video Lectures.
9. To inculcate talent among students, organise National Talent Hunt Program.
10. Systemize and upgrade Article Placement Portal along with Industrial Training.
11. Converting Students' Journal as treasure for exam preparation (like this issue carries complete coverage of Indirect Taxes in capsule).
12. Revision of Study Material not only to update and making as trim as possible but also to make more practical and case study oriented.
13. Organise High Quality-Low Cost Virtual classes for students through network of branches, accredited center along with physical presence of faculty.

Dear students, we will be sharing the progress of each endeavour on regular basis. My advice for students will be to have increased participation in various activities of ICAI and Board of Studies. It will update you with various initiatives taken by ICAI for students. Attending them can also improve your skill set, may it be technical, ethical or personality traits.

If you have any suggestion/feedback to improve services, please write back to me on chairmanbos@icai.in

Best wishes for all your future endeavours

A handwritten signature in black ink, appearing to read "Atul K Gupta".

CA. ATUL K GUPTA

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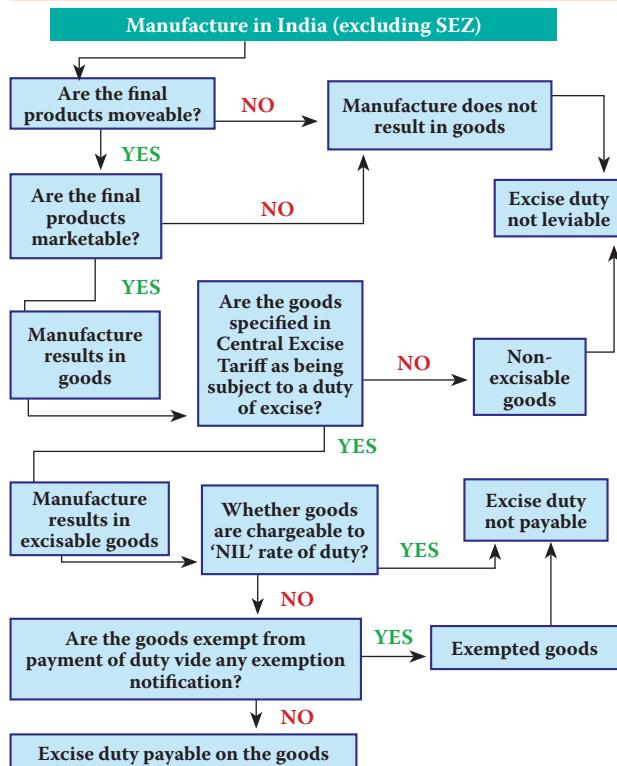
Indirect Tax Laws: A Capsule for Quick Revision

It has always been the endeavour of Board of Studies to provide quality academic inputs to the students of Chartered Accountancy Course. Keeping in mind this objective, BoS has decided to come out with a crisp and concise capsule of each subject to facilitate students in quick revision before examination. The first of such series of capsules is on Paper 8: Indirect Tax Laws of the Final Course.

The capsule on Paper 8: Indirect Tax Laws is based on the position of law as amended by the Finance Act, 2016 & significant notifications and circulars issued till 31.10.2016 and is thus, relevant for students appearing in May, 2017 examination. Students may note that this capsule is a tool for quick revision of some significant aspects of indirect tax laws and thus, should not be taken as a substitute for the detailed study of the subject. Students are advised to refer to the relevant Study Material, Practice Manual, Supplementary Study Paper – 2016, Select Cases in Direct and Indirect Tax Laws – 2016 and Revision Test Paper for May, 2017 examination for comprehensive study and revision.

Central Excise

1. Levy of excise duty



Manufacture is a process that leads to emergence of a new commercial product, different from the one with which the process started, having a different name, character or use. Manufacture includes deemed manufacture.

Process specified in CETAA as amounting to manufacture

Packing/repacking/declaration/alteration of RSP etc. on goods covered in Third Schedule of CEA

DEEMED MANUFACTURE

Assembly would amount to manufacture if it results in new commercial commodity with a distinct name, character and use.

Goods manufactured at site will be liable to duty if they have a new identity, character and use, distinct from the inputs/components that have gone into its production; and are excisable goods.

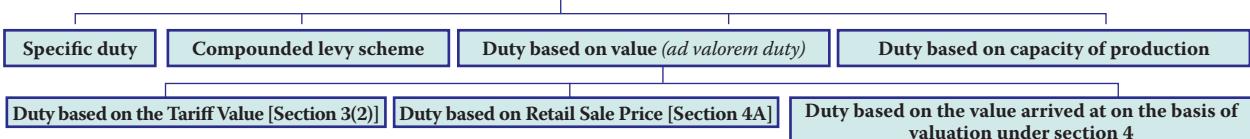
Waste/scrap that are excisable goods and generated in the course of manufacture are chargeable to duty.

2. Collection of duty

Particulars	Person liable to pay duty	Event for duty payment	Relevant date
1. Excisable goods (other than khandsari molasses) produced and stored in factory of manufacturer	Manufacturer	Removal of goods from factory	Date of removal of such goods from factory
2. Khandsari molasses produced and stored in factory of manufacturer	Procurer of the khandsari molasses	Receipt of such molasses by procurer	Date of receipt of such molasses in factory of procurer of such molasses
3. Excisable goods produced and cleared for captive consumption in factory of production	Manufacturer	Issuance of goods for further production	Date on which the goods are issued for such use
4. Excisable goods produced in the factory and stored in a warehouse without payment of duty	Person who stores such goods in the warehouse	Removal of goods from the warehouse	Date of removal of goods from the warehouse

3. Valuation of excise duty

Basis of computing duty payable



INDIRECT TAXES ||

RSP based valuation

Excisable goods need to be valued in terms of section 4A if the following two conditions are satisfied cumulatively:

Said goods are covered under the Legal Metrology Act, 2009/ any other law and such law requires declaration of the RSP on the package of such goods

Said goods have been notified by Government as goods on which duty will be paid on the basis of the RSP less abatement (given as a % of the RSP)

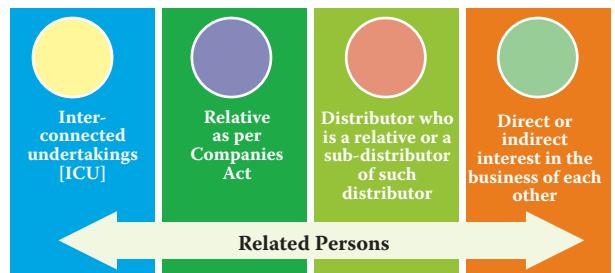
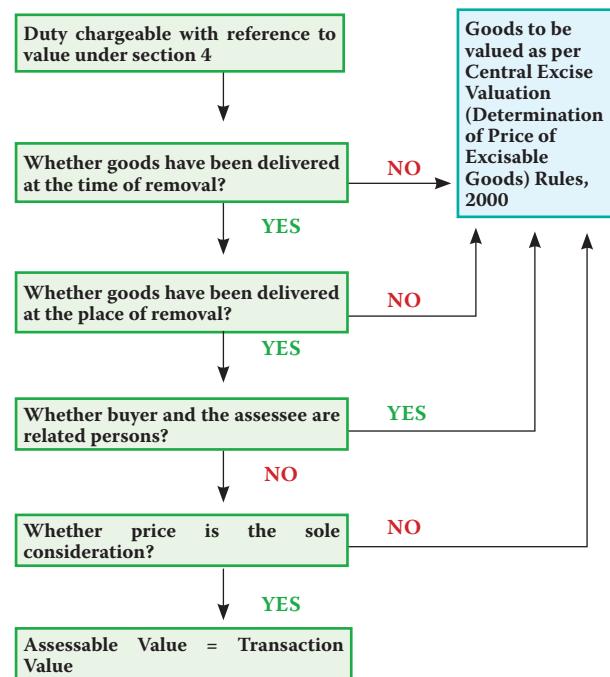
RSP is the maximum price at which the excisable goods in packaged form may be sold to the ultimate consumer. It includes all taxes, freight, commission payable to dealers, all charges towards advertisement, delivery, packing etc. However, RSP may exclude taxes if the provisions of the CEA or Legal Metrology Act, 2009 require so.

All goods bearing RSP not covered under section 4A - Only when the declaration of RSP on the goods is mandatory under the Legal Metrology Act, 2009 or under any other law and such goods have been notified by the Central Government for the purpose of section 4A, will the goods be valued under section 4A.

Value = RSP printed on the package – Abatement, if any, notified by the Government

- Maximum RSP deemed to be the RSP, if more than one RSP declared
- Each RSP deemed to be the RSP, if different RSPs on different packages meant for different areas
- Increased RSP deemed to be the RSP, if RSP increased after removal from factory
- RSP declaration not mandatory on wholesale packages

Valuation under section 4 (Transaction Value)



Transaction Value (TV)

TV means the price actually paid or payable for the goods when sold

and includes

in addition to the price any amount that the buyer is liable to pay to or on behalf of the assessee **by reason of or in connection with the sale** whether payable at the time of sale or any time thereafter



Items excluded from TV if actually paid or actually payable

Excise duty Sales tax Other taxes

Inclusions in /Exclusions from TV

Inclusions in TV	Exclusions from TV
➤ Outward handling upto place of removal	➤ Durable/reusable packing as it is amortized and included in the cost of product itself
➤ All forms of packing (special, general, protective, etc.)	➤ Optional bought out items and accessories
➤ Dharmada or charity	➤ Independent testing done by the buyer himself or through a third party
➤ Design, development and engineering charges specific to goods produced	➤ All forms of discount if actually passed on to the buyers.
➤ Bought out essential items if the same are fitted to the main article at the time of removal.	➤ Notional interest on deposits, advances unless it can be proved that price has been lowered on account of receipt of such advance from the buyer
➤ Consultancy charges relating to design, layout, etc. of final product done upto place of removal	➤ Interest on delayed payment of receivables
➤ Testing & inspection charges	➤ Bank charges for collection of sale proceeds
➤ Pre-delivery inspection charges and after sales service charges collected by the manufacturer	➤ Delayed payment charges
➤ Freight from factory to depot if sale is from depot	➤ Outward freight from factory/ depot to place of customer.
	➤ Transit insurance

Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000

Situation covered	Value
Rule 4 - Goods not sold at time of removal	Value of such goods sold at the time nearest to the time of removal of goods under assessment with reasonable adjustments
Rule 5 – Sale for delivery at a place other than the place of removal	TV excluding cost of transportation from place of removal up to the place of delivery
Rule 6 – (i) Sale when price is not the sole consideration (ii) Goods sold when price is not the sole consideration at a price less than manufacturing cost and profit, and no additional consideration is involved	(i) TV plus money value of additional consideration received (ii) TV
Rule 7 – Depot sale	Normal transaction value (NTV) of goods sold from depot at the time/nearest time of removal of goods under assessment from factory
Rule 8 – Captive consumption (partly or wholly)	110% of cost of production
Rule 9 – (i) Sale to a related person (partly or wholly) (ii) Sale to a related person when such related person captively consumes such goods [Excluding ICU]	(i) NTV at the time of removal at which the related buyer sells to unrelated buyer (ii) 110% of cost of production
Rule 10 – Sale to ICU [partly or wholly] which is a holding/ subsidiary or it is related person under section 4(3)(b)	NTV of buyer to unrelated persons
Rule 10A – Goods manufactured by job worker on behalf of principal manufacturer	TV at which the raw material supplier (principal manufacturer) sells the final product in the market.
Rule 11 – When value cannot be determined by any of the above rules	Value determined by best judgement assessment i.e., by using reasonable means consistent with the principles and general provisions of these rules and section 4(1).

4. CENVAT Credit [CENVAT Credit Rules, 2004]

CENVAT credit scheme grants credit of excise duty paid on inputs and service tax paid on input services to be set off against the excise duty payable on final products/service tax payable on output services.

In effect, a manufacturer or a service provider actually pays amount equal to duty/service tax as shown in invoice less the CENVAT credit available to him.

Provisions relating to availment and utilisation of credit of service tax do not apply to State of J&K.

Inputs eligible for credit [Rule 2(k)]

- All goods used in factory
- Accessories cleared along with final product whose value is included in the value of final product, and warranty spares etc.
- Goods used for providing output service
- Goods used for generation of electricity or steam or pumping of water for captive use
- Capital goods which are used as parts or components in the manufacture
- Capital goods upto ₹ 10,000 per piece

Inputs ineligible for credit [Rule 2(k)]

- LDO, HDO (petrol)
- Goods used for construction of building or laying of foundation/making support structures of capital goods [Such goods will be eligible when used for providing service portion in execution of works contract/ construction service.]
- Motor vehicles
- Goods used for personal benefit/consumption of employees
- Goods having no relationship with manufacture

Input services eligible for credit [Rule 2(l)]

- Services used for providing output service
- Services used directly/indirectly in manufacture **and includes** services used in relation to renovation/repairs of factory/premises of output service provider, advertisement/sales promotion, accounting, auditing, coaching and training, inward transportation of inputs/capital goods, outward transportation upto place of removal etc.

Input services ineligible for credit [Rule 2(l)]

- Construction or execution of works contract of a building or laying of foundation/making support structures of capital goods except when such services are used for provision of one or more such services
- Motor vehicle related services like renting, repairs, insurance (except where motor vehicle is eligible as capital goods)
- Services used for personal benefit/consumption of employees

Capital goods eligible for credit [Rule 2(a)]

- Machinery, plant, spare parts of machinery, tools, dies, etc. specific motor vehicles (e.g. tractors, special purpose motor vehicles, dumpers and tippers etc.) as defined in rule 2(a), used in the factory of manufacturer of final product and/or used for providing output service [Credit on eligible equipment and appliance used in an office located in a factory now available.]
- Capital goods used outside the factory for generation of electricity or for pumping of water for captive use within the factory (Service provider can use capital goods anywhere)
- Motor vehicles designed for transportation of goods, when used for renting, transportation of goods for providing output service and courier service; if registered in the name of service provider
- Motor vehicles designed to carry passengers, when used for renting, transportation of passengers or imparting motor driving skills; if registered in the name of service provider
- Components, spares and accessories of motor vehicles which are capital goods

Availment and utilization of CENVAT credit [Rule 3]

Excise duty, Service tax, CVD, Special CVD, NCCD, KKC are eligible for CENVAT credit. Credit of special CVD is not allowed to a service provider.

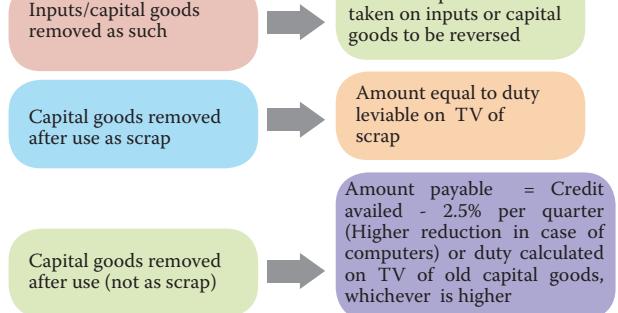
Credit of SBC is not available and SBC can also not be paid by utilizing credit. Credit of KKC can only be used to pay KKC.

Credit cannot be used to pay service tax payable under reverse charge.

All taxes and duties specified in rule 3(1) form a pool of credit which can be utilised by manufacturer/ output service provider for payment of any tax or duty as specified in rule 3(4). CENVAT Credit Rules do not require input-output correlation to be established.

Credit available on the last day of the month/quater can only be utilised to pay monthly /quarterly tax/duty liability.

Reversal of credit on inputs and capital goods under rule 3



INDIRECT TAXES ||

Conditions for availing CENVAT credit [Rule 4]

- Credit on inputs and capital goods can be taken as soon as they reach the factory or premises of service provider. Service provider is allowed to avail credit on inputs and capital goods delivered outside his premises also.
- Credit on input services can be taken on receipt of invoice from service provider. However, if payment is not made to service provider within three months, the CENVAT credit is required to be reversed. In case of reverse charge, credit can be availed on payment of service tax.
- Credit on inputs and input services should be availed within one year of the date of invoice. No time limit for input services in case of assignment of right to use any natural resources by Government.
- In case of capital goods, upto 50% credit is available in current year and balance in subsequent financial year. SSI unit can avail entire 100% CENVAT credit in first year itself. 100% credit of special CVD paid on capital goods can be availed in the first year.
- Assessee should not claim depreciation on duty portion on which he has availed CENVAT credit.
- Capital goods acquired by lease, hire purchase or loan are eligible for credit.
- Inputs and capital goods can be sent to job worker for processing. After job work, inputs should be returned within 180 days and capital goods should be returned within 2 years. If not, credit on such inputs and capital goods should be reversed. Final product can be cleared directly from premises of job worker on obtaining permission of AC/DC. Credit is allowed on moulds, dies etc. sent to job worker/another manufacturer for production of goods.

Refund of CENVAT credit [Rule 5]

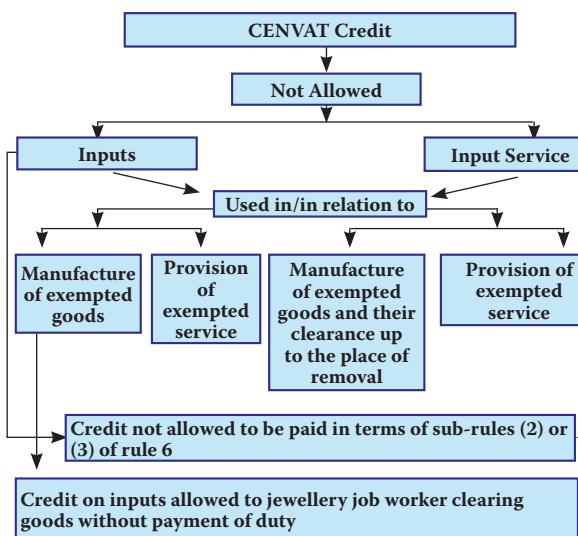
- CENVAT credit will be refunded as per the following formula when final products or output service is exported without payment of duty/tax:

$$\left[\frac{\text{Export turnover of goods} + \text{Export turnover of services}}{\text{Total Turnover}} \times \text{Net CENVAT credit} \right]$$

- Such refund will not be allowed if drawback is availed or rebate of excise duty or service tax is claimed.

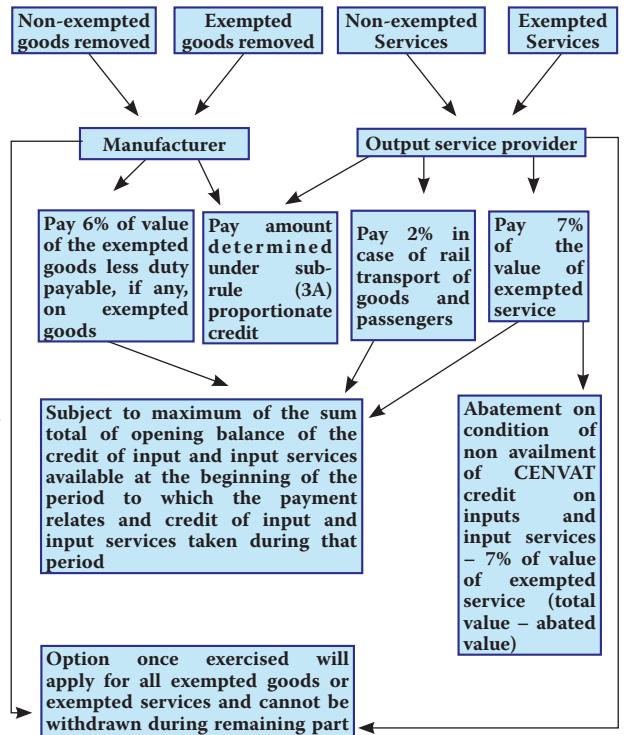
Obligation of manufacturer/service provider [Rule 6]

Sub-rule (1) of rule 6

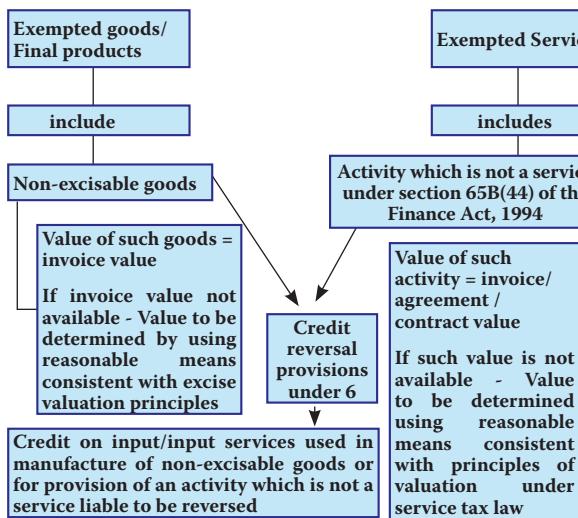


Exempted service means fully exempted services, services on which no service tax is leviable u/s 66B, abated services, but does not include export services and outbound transportation of goods in a vessel from India.

Sub-rule (3) of rule 6

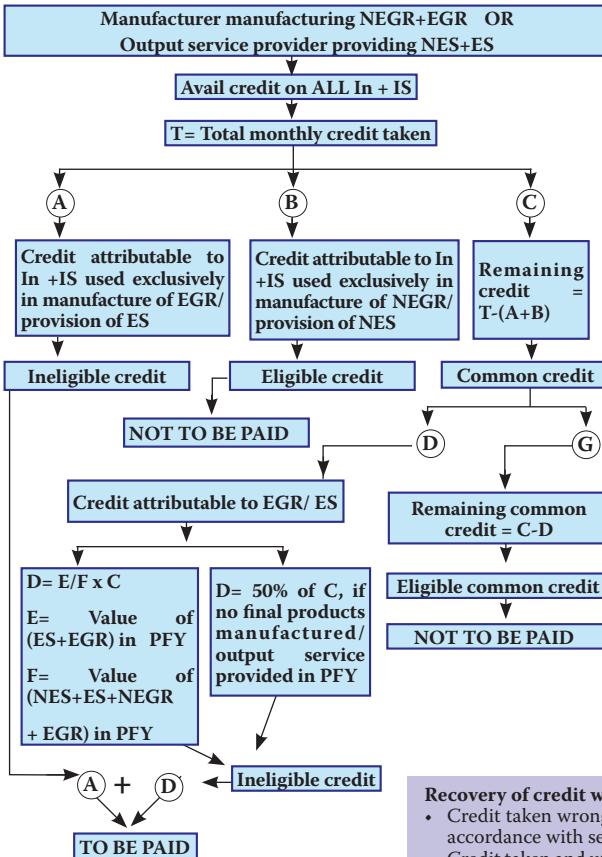


Explanations to sub-rule (1) of rule 6



INDIRECT TAXES

Sub-rule (3A) of rule 6



At the end of the year actual amounts of A+D will be computed for the whole year in the similar manner as described above by taking annual figures of T, B & C and H [value of ES + EGR during the FY] & I [Value of NES+ ES + NEGR + EGR during the FY] in place of E & F.

Shortfall, if any, will be paid by 30th June of the SFY failing which interest @ 15% will be payable from 30th June of SFY till the date of payment of such amount.

Excess amount paid, if any, can be taken as credit. If the amount to be paid provisionally is not paid by the due date of payment, interest @ 15% will be payable from the due date of payment till the date of payment of such amount.

Input Service Distributor (ISD) [Rule 7]
 • ISD is an office of the manufacturer/service provider, which receives invoices towards purchases of input services and issues invoices for distributing credit of service tax paid on said services to such manufacturer/service provider or an outsourced manufacturing unit.
 • ISD distributes the credit *pro rata* on the basis of the turnover of units during the relevant period to the total turnover of all the units, which are operational in the current year, during the said relevant period.
 • Warehouse of a manufacturer can distribute credit on inputs received by it to different factories of that manufacturer [Rule 7B].

Credit on basis of specified documents [Rule 9]

- Credit can be availed only on the basis of specified documents as proof of payment of duty on inputs or service tax on input services e.g., invoice of service provider/ manufacturer/ registered dealer, Bill of Entry, supplementary invoice etc.

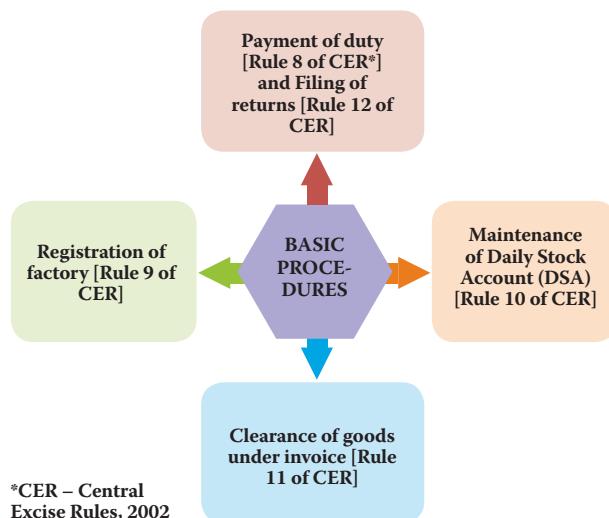
Recovery of credit wrongly taken and utilised [Rule 14]

- Credit taken wrongly but not utilised can be recovered from manufacturer/service provider in accordance with section 11A of CEA/section 73 of FA, 1994.
- Credit taken and utilised wrongly or erroneously refunded will be recovered along with interest.

Penalties [Rules 15 & 15A]

Credit taken or utilised wrongly-non-fraud reasons	Credit taken or utilised wrongly by manufacturer- fraudulent reasons	Credit taken or utilised wrongly by service provider - fraudulent reasons	Contravention of the rules for which no penalty has been prescribed
Confiscation of goods and penalty in terms of clause (a) or clause (b) of section 11AC(1) of CEA or section 76(1) of FA, 1994	Manufacturer also liable to pay penalty in terms of clause (c), clause (d) or clause (e) of section 11AC(1) of CEA.	Service provider also liable to pay penalty in terms of section 78(1) of the FA 1994.	Penalty up to ₹ 5,000

5. Basic Procedures



Persons requiring registration

- Manufacturer
- First stage and second stage dealer
- Person holding private warehouses
- Importer issuing CENVATable invoices

Persons exempt from registration

- Persons manufacturing nil rated/exempt goods
- SSI units
- Persons manufacturing excisable goods under customs warehousing procedures, if all their products are exported
- 100% EOU not having any dealing with DTA and SEZ unit

- Assessee conducting business both as an importer and a first stage dealer can take one common registration.
- Registration is to be applied online. Pending post facto verification of premises, registration will be granted within 2 days of the receipt of completed online application.
- Two or more premises of same factory located within a close area can have single registration on fulfillment of specified conditions.

INDIRECT TAXES ||

Payment of duty [Rule 8]

- * Duty is payable electronically by 6th of following month.
- * SSI units availing SSI exemption have to pay duty on quarterly basis by 6th of month following the quarter.
- * For non-electronic payment, due date is 5th of following month/quarter
- * For the month of March, duty is payable by 31st March, both by large units as well as SSI.
- * While paying duty, CENVAT credit available as on last day of the month can only be availed (even if duty is payable by 6th).

- * If there is delay in payment, interest is payable @ 15%.
- * If duty, as declared in return, is not paid within one month from due date, the assessee will be liable to pay penalty @ 1% for each month or part thereof, calculated from the due date. 'Month' means the period between consecutive due dates for payment of duty.

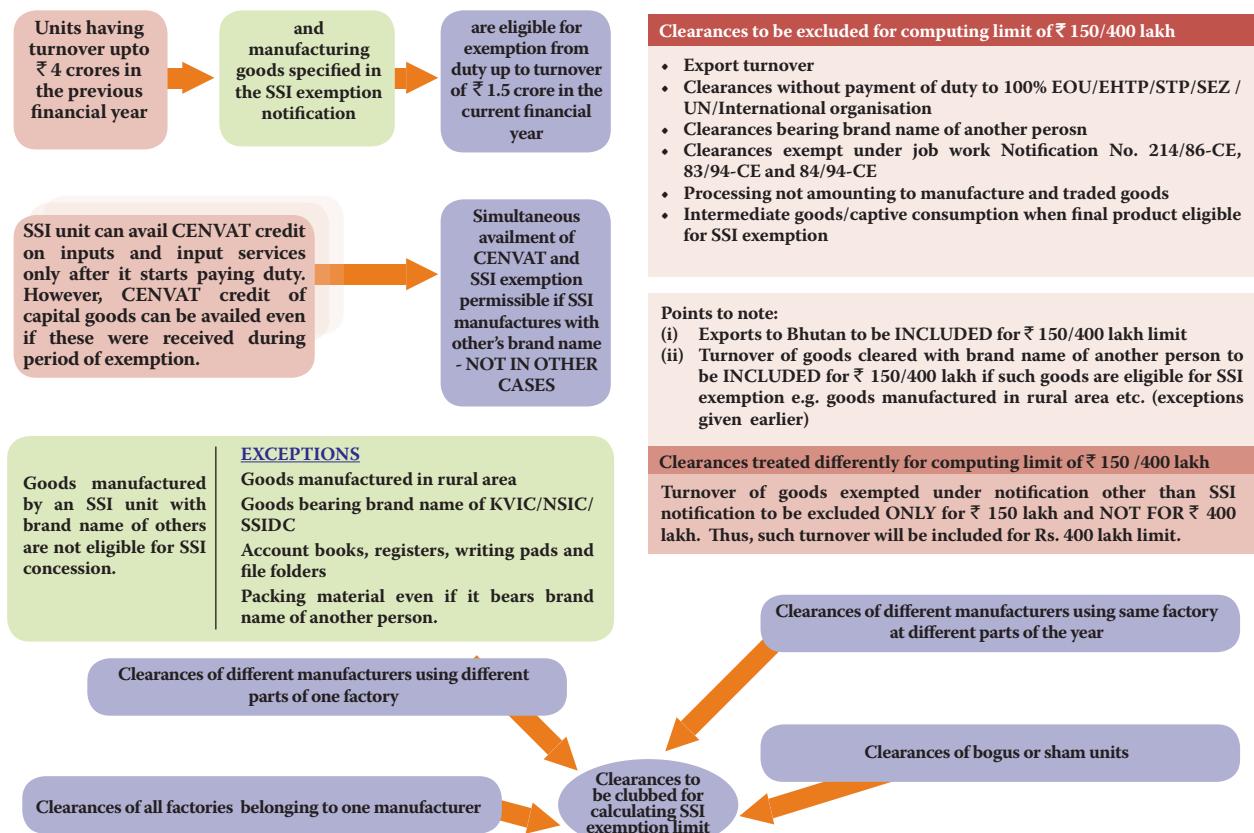
- * Self assessed duty mentioned in return, interest and penalty under rule 8(3A) will be recovered under section 11.
- * Duty includes amount payable in terms of CCR.

Returns

Form of Return	Category of assessee	Periodicity	Due date
ER-1	All assessees except SSI	Monthly	By 10th day of the following month
ER-2	EOUs	Monthly	By 10th day of the following month
ER-3	Assessees eligible for SSI concession (even if it does not avail the concession)	Quarterly	By 10th day of the month following the respective quarter
Annual Return	Assessees paying duty of ₹1 crore or more per annum either through PLA or CENVAT or both together	Annually	By 30th November of the succeeding year
ER-8	Assessees paying 1%/2% excise duty, assessee manufacturing specified exempted goods under Notification No. 12/2012 CE dated 17.03.2012 and not manufacturing any other goods	Quarterly	By 10th day of the month following the respective quarter
Return of CENVATABLE invoices issued under rule 9(8) of CCR	Registered dealers and importers	Quarterly	By 15th day of the month following the respective quarter

- All the returns are to be filed electronically.
- EOU is also required to file the Annual Return.
- ER-1, ER-2 & ER-3 filed by the due date may be revised by the end of calendar month in which the original return is filed.
- Annual return filed by the due date may be revised within 1 month from the date of submission.
- On belated filing of returns, an amount of ₹ 100 per day will be payable subject to maximum of ₹ 20,000.

6. SSI - Notification No. 8/2003 CE dated 01.03.2003



Service Tax

INDIRECT TAXES

1. Basic Concepts of Service Tax

Meaning of Service [Section 65B(44) of Finance Act, 1994]

Service means

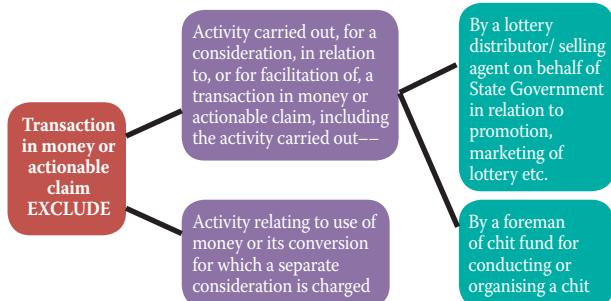
any activity for consideration	carried out by a person for another	includes a declared service
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Exclusions from the definition of service

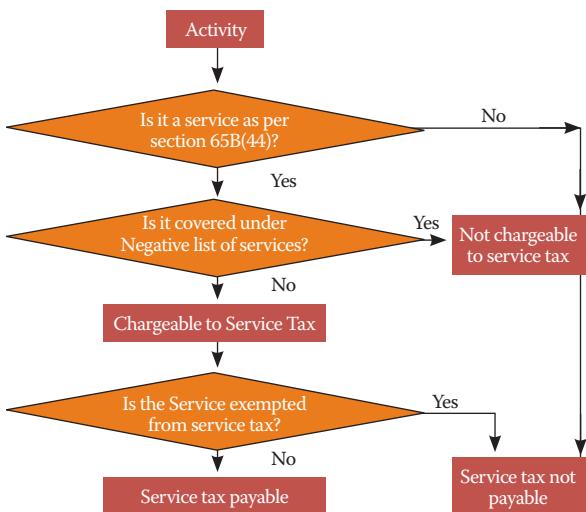
M	transaction in MONEY or actionable claim
E	service by an EMPLOYEE to employer in course of employment
T	TRANSFER of title in goods/immovable property by way of sale, gift etc.
C	fees taken in any COURT/tribunal
D	DEEMED sale of goods [Article 366(29A) of Constitution]

Explanations to the definition of service

Explanation 2-Transaction in money or actionable claim



Charge of Service Tax [Section 66B of Finance Act, 1994]



CHARGING SECTION [Section 66B of FA, 1994]

- Service tax @ 14%
- On value of all services
- Other than those specified in negative list
- Provided by one person to another in taxable territory

Effective rate of service tax
15% [14% + 0.5% SBC + 0.5% KKC]

Explanation 1
'service' does not cover functions or duties performed by
(a) Members of Parliament/ State Legislatures/ Panchayat/ Municipalities/ any other local authority, or
(b) any person who holds any post in pursuance of the provisions of the Constitution or
(c) any person as Chairperson/Member/Director in a body established by Central/ State Governments/local authority and not deemed as employee.

Explanation 3
(a) unincorporated association/body of persons and a member thereof - treated as distinct persons;
(b) establishment of a person in taxable territory and any of his other establishment in non-taxable territory - treated as establishments of distinct persons.

Explanation 4
a branch /agency of a person through which person carries out business is also an establishment of such person.

Declared Services [Section 66E of Finance Act, 1994]

Description	
A	Assignment by Govt. of right to use radio-frequency spectrum & subsequent transfer thereof
G	Goods-transfer of goods by way of hiring, leasing etc. without transfer of right to use such goods, activities in relation to delivery of goods on hire purchase or by way of instalments
F	Food-(service portion in supply of food, article of human consumption, drink etc.)
S	Software-development, designing, programming, upgradation, customisation, implementation etc. of IT software
A	Agree-to refrain from an act or to tolerate an act or to do an act
W	Works-contract (service portion)
P	IPR-temporary transfer/permitting use/enjoyment of Intellectual Property Right
C	Construction-of complex, building etc.
R	Renting-of immovable property

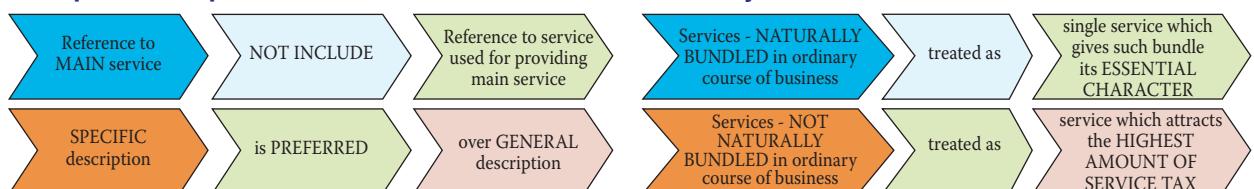
Construction in Declared Services	<ul style="list-style-type: none"> construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where entire consideration is received after issuance of completion certificate by competent authority.
Explanation	"construction" includes additions, alterations, replacements or remodelling of any existing civil structure

INDIRECT TAXES ||

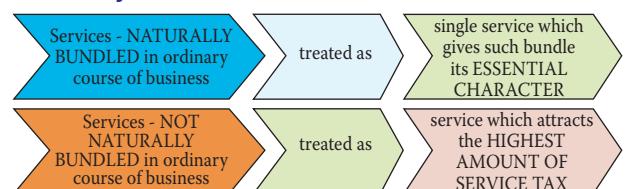
Negative List of Services (Section 66D of Finance Act, 1994)

Description	
G	Government services. Exception-(a) Services by Department of Posts provided to other than Govt. (Speed post, express parcel post, life insurance & agency services) (b) services in relation to aircraft or vessel in a port/airport (c) transport of goods [(by road except GTA, courier), inland waterways]/transport of passengers (railways in 2 nd class, metro, inland waterways, metered cabs/auto rickshaw, vessel not for tourism) (d) any service to business entity
R	RBI (services provided by RBI)
E	Embassy (Foreign Diplomatic Mission) services located in India
A	Agriculture related services [agricultural operations, supply of farm labour, processes which do not alter essential characteristic of agricultural produce but make it only marketable for primary market, renting or leasing, loading, unloading, packing, storage or warehousing of agricultural produce, agricultural extension services, services by commission agent
T	Trading of goods
D	Deposits (Financial services in so far as consideration represented by way of interest or discount; <i>inter se</i> sale/purchase of foreign currency)
E	Electricity transmission/distribution
B	Betting, gambling or lottery [excluding activity specified in Explanation 2 to sec. 65B(44)]
T	Toll charges (Access to a road or bridge)
F	Funeral services including transportation of deceased
A	Advertisement in print media (newspaper and books excluding business directories etc.)
R	Renting of residential dwelling for use as residence
M	Manufacture of goods excluding alcoholic liquor for home consumption
P	Passengers transportation (by railway other than 1 st class or AC, metro, monorail or tramway, inland waterways, public transport other than for tourism in a vessel within India, metered cabs or auto rickshaws)
G	Goods transportation (by road except GTA or courier, inland waterways)

Principles of interpretation of Bundled Services



Taxability of Bundled Services



2. Point of Taxation (POT) Rules, 2011

Rule 3-General Rule				
<i>In case invoice issued within 30 days* from date of completion of service</i>	<i>POT would be date of invoice or date of payment</i>	<i>whichever is earlier</i>		
<i>invoice not issued within 30 days* from the date of completion of service</i>	<i>POT would be date of completion of service or date of payment</i>	<i>whichever is earlier</i>		
<i>*45 days in case of banking and other financial institutions including NBFCs.</i>				
<i>In case of advance received by service provider</i>	<i>POT would be date of receipt of each advance</i>			
<i>Date of completion of service in case of continuous supply of service shall be the date of completion of each event.</i>				
Rule 4-Change in Effective rate of tax				
<i>Invoice issued</i>	<i>Payment received</i>	<i>POT shall be</i>		
<i>A. In case taxable service is provided BEFORE the change in effective rate of tax</i>				
<i>AFTER</i>	<i>AFTER</i>	<i>date of invoice or date of receipt of payment, whichever is earlier</i>		
<i>BEFORE</i>	<i>AFTER</i>	<i>date of invoice</i>		
<i>AFTER</i>	<i>BEFORE</i>	<i>date of receipt of payment</i>		
<i>B. In case taxable service is provided AFTER the change in effective rate of tax</i>				
<i>BEFORE</i>	<i>BEFORE</i>	<i>date of invoice or date of receipt of payment, whichever is earlier</i>		
<i>AFTER</i>	<i>BEFORE</i>	<i>date of invoice</i>		
<i>BEFORE</i>	<i>AFTER</i>	<i>date of receipt of payment</i>		
Rule 5-New Services/ New levy on services				
<i>No tax is payable in following 2 cases:-</i>				
<i>1) to the extent invoice issued and payment received before service became taxable</i>				
<i>2) payment received before service became taxable and invoice issued within 14 days of date when service is taxed for the 1 time.</i>				

Rule 7-Reverse Charge or Associated Enterprises	
<i>For reverse charge, POT is date of making payment to service provider, or first day occurring immediately after a period of 3 months from date of invoice</i>	whichever is earlier
<i>In case of "associated enterprises", where the person providing the service is located outside India, POT is :-</i>	
<i>date of debit in the books of service receiver or date of making payment</i>	whichever is earlier
<i>In case of change in service tax liability or extent of liability of service recipient, date of issuance of invoice to be POT if service provided and the invoice issued before date of such change, but payment not made as on such date</i>	
<i>In case of services provided by the Government or local authority to any business entity, the POT will be -</i>	
<i>any payment, part or full, in respect of such service becomes due or payment made.</i>	whichever is earlier.
Rule 8-Copyrights etc.	
<i>Applicability of rule-whole consideration is not ascertainable at the time of performance of service, and subsequent use of these services gives rise to any payment of consideration.</i>	
<i>POT is date of receipt of consideration or date of invoice, whichever is earlier.</i>	
Rule 8A-Residual Rule [Best Judgement]	
<i>Where POT cannot be determined as per these rules, CEO, may require production of necessary documents etc. and considering such material, effective rate(s), may determine POT.</i>	

3. Place of Provision of Service Rules, 2012

Rule	Applicability	Place of Provision of service shall be
3	General rule	<i>location of service receiver (if not available, then location of service provider)</i>
4	<i>Performance based service (Goods/ individual)</i>	<i>location where the services are actually performed</i>
5	<i>Immovable Property related services</i>	<i>Location (intended location) of immovable property</i>
6	<i>Event related services</i>	<i>place where the event is actually held.</i>
7	<i>Where any service referred to in rules 4, 5, or 6 is provided at more than one location, including a location in taxable territory</i>	<i>location in taxable territory where the greatest proportion of the service is provided</i>
8	<i>Location of service provider and service receiver is in taxable territory</i>	<i>location of service receiver</i>
9	<i>Specified services-Banking, OIDAR, Intermediary, Hiring</i>	<i>location of service provider</i>
10	<i>Transportation of goods, other than by way of mail or courier</i>	<i>place of destination of the goods</i>
	<i>GTA</i>	<i>location of person liable to pay tax</i>
11	<i>Transportation of passengers</i>	<i>place of embarkation of passenger on conveyance for continuous journey</i>
12	<i>Services on Board of conveyance</i>	<i>First scheduled departure point of conveyance</i>
13	<i>Powers to notify description of services or circumstances-Central Government</i>	<i>Place of effective use and enjoyment of a service</i>
14	<i>Order of application of rules-Later rule will prevail</i>	

4. Valuation of Taxable Service

Value of taxable service- [Section 67]	
where consideration is in terms of money	<i>Gross amount charged by service provider is taken as value of taxable service.</i>
where consideration not wholly or partly in terms of money	<i>value shall be such amount in money which with the addition of service tax charged is the consideration.</i>
in case gross amount charged is inclusive of service tax	<i>value shall be such amount as, with the addition of tax payable, is equal to the gross amount charged.</i>

Gross amount charged includes any amount received towards the taxable service before, during or after provision of such service. It includes payment by cheque/credit card, credit notes/debit notes and book adjustment etc.

Consideration includes

- amount payable for the taxable services provided or to be provided
- reimbursable expenditure/cost incurred by service provider and charged in the course of providing taxable service, except in certain specified circumstances
- amount retained by the lottery distributor/selling agent from gross sale amount of lottery ticket [in addition to the fee or commission] Or discount received [Face value of lottery ticket - Price at which the distributor/selling agent gets such ticket].

Service Tax (Determination of Value) Rules, 2006

Valuation of money changing service [Rule 2B]	
Situation	Value of Taxable Service
When a currency is exchanged from, or to, Indian Rupees (INR)	(Buying Rate/Selling Rate - RBI reference rate at that time) x Total units of currency
Where RBI reference rate for a currency is not available	1% of the gross amount of Indian Rupees provided or received by the money changer.
Where neither of the currencies exchanged is Indian Rupee	1% of the lesser of the two amounts the money changer would have received by converting any of two currencies into Indian rupees on that day (at the RBI reference rate)

Valuation of services involved in the execution of a works contract [Rule 2A]	
A. On the basis of value of property in goods transferred, adopted for State VAT purposes	
Particulars	
Gross amount charged for the works contract	xxxx
Less: Value of transfer of property in goods transferred, computed for State VAT purpose	xxxx
Less: VAT/Sales tax, paid or payable, if any, on transfer of property in goods involved in the execution of the said works contract.	xxxx
Value of the works contract service	xxxx

INDIRECT TAXES ||

B. Simplified scheme		Value of service portion
Works contract		
(A) Original works (i.e. new construction, erection, commissioning, installation of plant, machinery etc.)		40% of the total amount
(B) All works contract other than (A) above including works contract of		
(i) maintenance or repair or reconditioning or restoration or servicing of any goods; or		
(ii) maintenance or repair or completion and finishing services such as glazing or plastering or floor and wall tiling or installation of electrical fittings of immovable property		70% of the total amount
No credit on inputs to be taken by service provider.		
Valuation of services involved in supply of food/drink in a restaurant/outdoor catering [Rule 2C]		
Description		Value of taxable service
when food/drink etc. is supplied at a restaurant		40% of the total amount
when food/drink etc. is supplied as outdoor catering		60% of the total amount
No credit on goods falling under Chapter 1 to 22 of Central Excise Tariff to be taken by Service Provider		

Meaning of total amount [for rule 2A & 2C]

Particulars		Amount
Gross amount charged		xxxx
Add: Value of all goods and services supplied in or in relation to the works contract/supply of food etc. (whether or not supplied under the same contract or any other contract)	FMV of all goods & services supplied Less: (i) the amount charged for such goods or services, if any and (ii) VAT/sales tax, if any, levied thereon	xxxx xxxx xxxx
Total amount		xxxx

- **Manner of determination of value when the value is not ascertainable [Rule 3]-** Value of similar services in the ordinary course of trade; or equivalent money value of such consideration which should not be less than cost of provision of such service.
- **Rejection of value by Central Excise Officer (CEO) and its determination thereon [Rule 4]-** Issue of show cause notice if CEO is not satisfied with the value declared by assessee. Opportunity of being heard will be provided.

Inclusion in or exclusion from value of certain expenditure or costs [Rule 5]

- **Inclusions:** Expenditure or costs incurred by the service provider in the course of providing taxable service whether they are separately indicated in the invoice issued by the service provider or not.
- **Exclusions:** Amount paid as pure agent if all 8 specified conditions are fulfilled
- **Pure Agent:** person who enters into contractual agreement, does not hold any title to the goods/services, does not use such goods/services and receives only the actual amount incurred to procure goods/services.

Cases in which the commission, costs, etc., will be included or excluded [Rule 6]

- **Inclusions:** Commission/ brokerage charged by a broker, air travel agent, premium charged by insurer, demurrage charges, adjustments made by telegraph authority from initial deposits etc.
- **Exclusions:** Airfare, rail fare, accidental damages due to unforeseen actions not relatable to service, subsidies by Govt. not directly affecting value of service, interest on delayed payment of consideration (not applicable in case service provided by Govt. to business entity) etc.

5. Exemptions

Services (Keywords)	Services exempt under Mega Exemption Notification
UN/IO	TO United Nations or specified international organisation like WHO, ILO, FAO, IMF, UNESCO.
Health related	Health care services BY a clinical establishment/ authorized medical practitioner/ para-medics Ambulance services BY any other person Stem cells preservation BY Cord Blood Banks Service in relation to Health care of animals/birds BY a veterinary clinic Bio-medical waste treatment service BY common bio-medical waste treatment facility operators TO a clinical establishment.
Charitable	Charitable activities BY an entity registered under section 12AA of the Income-tax Act, 1961
Religion related activities	Renting of precincts of a religious place meant for general public owned/ managed by specified institutions/entities . Conduct of any religious ceremony
Legal	Services BY an Arbitral Tribunal to Non-Business Entity (NBE)/ Business Entity (BE) with preceding FY's turnover ≤ ₹ 10 lakh Legal services BY an Individual Advocate (IA) other than Senior Advocate (SA)/Partnership Firm of Advocates (PFA) to an IA/ PFA or NBE or BE with preceding FY's turnover ≤ ₹ 10 lakh Legal services by an SA to a NBE or BE with preceding FY's turnover ≤ ₹ 10 lakh
Coaching	Training or coaching in recreational activities relating to arts, culture or sports .
Education	Services BY an educational institution to students, faculty and staff Transportation of students, faculty and staff, catering, security or cleaning or house-keeping services in educational institution, services relating to admission or examination conduct TO an educational institution Specified educational programmes provided by IIMs to their students (Executive Programme excluded)
Skill Development	Following services provided BY (a) NSDC, (b) SSC approved by NSDC, (c) assessment agency/training partner approved by SSC/ NSDC: Services in relation to (i) NSDP/other NSDC implemented scheme or (ii) vocational skill development course Services BY assessing bodies empanelled centrally by DGT, MSDE under SDI scheme NCVT certified skill or vocational training courses BY training providers under DDU-GKY
Sports related	Services for participation in sporting event organized by Recognized Sports Body (RSB) provided BY an individual [player, referee, umpire, coach or team manager] to RSB Services BY RSB TO another RSB Sponsorship of sports events organised BY specified persons
Construction	Construction related services provided TO Govt./Local Authority/Govt. Authority (G/LA/GA)

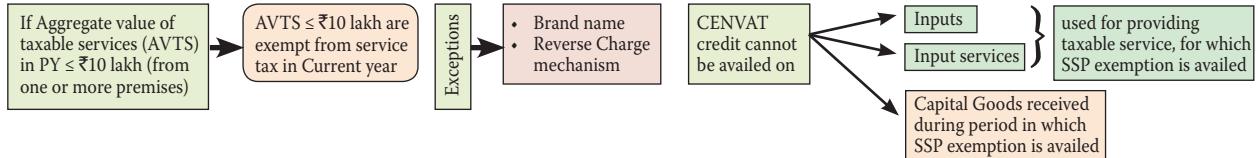
|| INDIRECT TAXES

	(i) Historical monument , (ii) canal, dam or other irrigation works , or (iii) pipeline, conduit or plant for water supply/ treatment, or sewerage treatment/disposal.	
	Construction etc. of (i) a road, bridge, tunnel, or terminal for road transportation for use by general public, (ii) building owned by section 12AA registered entity , (iii) pollution control/ effluent treatment plant , structure for funeral/burial (iv) civil structure/other original works under specified schemes.	
	Construction, etc. of original works pertaining to (i) railways excluding monorail/metro (ii) single residential unit , (iii) low cost houses upto 60 m² carpet area under specified schemes, (iv) post-harvest storage infrastructure for agriculture produce, (v) mechanized food grain handling system for units processing agriculture produce.	
Copyright	Temporary transfer/permitting use of copyright (i) relating to original literary, dramatic, musical or artistic works, (ii) of cinematograph films for exhibition in a cinema hall/theatre	
Artist performance	Folk/classical art forms of (i) music, or (ii) dance, or (iii) theatre performance by an artist upto the consideration of ₹1,50,000 . Exclusion-Brand ambassador's services	
News	Collecting/providing news by an independent journalist, PTI or United News of India	
Accommodation	Residential/lodging services by a hotel, inn, guest house, club or campsite, etc. Condition - Declared Tariff per unit of accommodation per day is below ₹ 1,000 or equivalent.	
Serving of food	Services in relation to serving of food/beverages BY a restaurant/eating joint/mess . Exclusion- Air Conditioned/Centrally Air-Heated Restaurants Services in relation to serving of food/beverages BY Air Conditioned/Centrally Air-Heated Canteen . Canteen to be maintained in a factory covered under the Factories Act, 1948	
Transportation	A. Goods Transportation services	
	Railway equipments/ materials exempt when transported by rail/vessel	Transportation of goods exempt when transported by goods carriage Where gross amount for transportation of a consignment in a single goods carriage does not exceed ₹ 1500
	Exempt transportation of goods by rail/ vessel/ goods carriage	<ul style="list-style-type: none"> • Agricultural produce • Milk, salt & food grain including flours, pulses & rice • Chemical fertilizer, oilcakes & organic manure
	Transportation of goods BY an aircraft from a place outside India up to the customs station of clearance in India exempt	<ul style="list-style-type: none"> • Relief materials meant for victims of natural/man-made disasters/mishap • Defence/military equipments • Cotton, ginned or bailed • Newspaper/magazines
	B. Passenger transportation services	
	BY air , embarking from/terminating in an airport located in North Eastern States of India or Bagdogra in West Bengal	BY non air-conditioned contract carriage other than radio taxi. Exclusion: Tourism, conducted tour, charter or hire
	C. Giving on hire the means of passenger and goods transportation	
Insurance	Giving on hire	TO
	Motor Vehicle [> 12 passengers capacity]	State Transport Undertaking
	Means of transportation of goods	GTA
Insurance	A. General Insurance: Specified general insurance schemes like Niramaya Health Insurance Scheme	
Pension	B. Life Insurance: Specified life insurance schemes like Pradhan Mantri Jan Dhan Yojna	
Incubatee	• Collection of contribution under Atal Pension Yojna	
	• Annuity under NPS	
Unincorporated entity	Services provided by an incubatee up to a Total Turnover (TT) of ₹ 50 lakh in a FY are exempt. Conditions: TT ≤ ₹ 50 lakh during preceding FY, and 3 years have not lapsed since Incubatee agreement	
Services TO Govt.	Services by unincorporated body/ non- profit entity to its own members as reimbursement/share of contribution: (i) As a trade union (ii) for providing exempt activity (iii) up to an amount of ₹ 5,000 per month per member for sourcing of goods/services from a third person for common use of its members in a housing society/residential complex	
	(i) water supply, public health, sanitation conservancy, solid waste management/slum improvement and upgradation, or (ii) repair or maintenance of a vessel	
Govt./ Local Authority/Govt. Authority	Services by G/LA to a BE with a turnover up to ₹ 10 lakh in the preceding FY Services in relation to any function entrusted to a municipality /Panchayat under Constitution, BY G/LA/GA By one G/LA to another G/LA Gross amount charged for services BY G/LA ≤ ₹ 5,000 [In continuous supply, Gross amount ≤ ₹ 5,000 in a FY]	
	Assignment of right to use any natural resource BY G/LA before 01.04.2016	
	Assignment of right to use natural resources to an individual farmer for the purposes of agriculture	
	Issuance of passport, visa, driving licence, birth certificate or death certificate BY G/LA	
	Tolerating non-performance of a contract , BY G/LA. Fines/ liquidated damages received for tolerance of such non-performance	
	Registration, testing , calibration, safety check/certification relating to protection/safety of workers, consumers or public at large, required under any law, BY G/LA	
	Allowing a BE to operate as telecom service provider/ use of radio spectrum before 01.04.2016	
Specified persons' services	Inspection, container stuffing etc. in relation to import export cargo after office hours/on holidays	
	Services BY	TO
	Sub-Broker/Authorized Person	Stock Broker
	Authorized Person	Member of Commodity Exchange
	Selling Agent/Distributor of SIM cards/recharge coupon	Any person

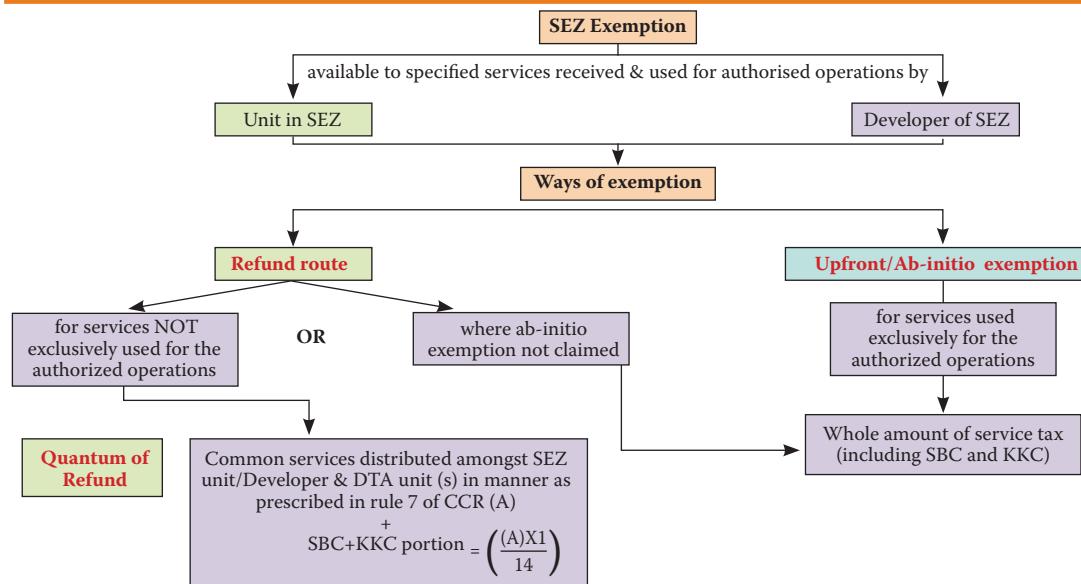
INDIRECT TAXES ||

	Business facilitator/business correspondent , with respect to saving deposit covered by PMJDY in the banking company's rural area branch, by way of account opening, cash deposits, cash withdrawals, obtaining e-life certificate, Aadhar seeding	Banking Company
	Any intermediary providing services to such Business facilitator/ correspondent with respect to aforesaid services	
	Business facilitator/business correspondent	Insurance company in rural area
	Sub-contractor providing works contract services	Another contractor providing exempt works contract services
Job work	Intermediate production process as job work in relation to specified processes or goods.	
Business Exhibition	Services by an organizer to any person in respect of a business exhibition held outside India	
Services from non-taxable territory	Services from service provider located in non-taxable territory BY: --G/LA/GA or an individual in relation to any purpose other than commerce/industry/business/profession ---an entity registered under section 12AA of the Income-tax Act, 1961 for Charitable activities --a person located in a non-taxable territory	
Services BY specified Bodies	by EPFO to Persons governed under EPFMP Act by IRDA to Insurers under IRDAI by SEBI of protecting investors' interests & regulating securities market by NCCCD by way of cold chain knowledge dissemination by ESIC to persons governed under the Employees' Insurance Act	
Admission to certain events/ places	Admission to a museum, zoo, national park, wild life sanctuary and a tiger reserve Admission to- (i) exhibition of cinematographic film, circus, dance, or theatrical performance including drama or ballet; (ii) recognized sporting event; (iii) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event [Condition: Consideration for admission \leq ₹ 500 per person]	
Movie Exhibition	Exhibition of movie BY an exhibitor TO (i) the distributor or (ii) an AOP consisting of the exhibitor as one of its members	
Other services	<ul style="list-style-type: none"> • Slaughtering of animals • Lending of books, publications or any other knowledge-enhancing content/material BY public libraries • Transfer of going concern • Provision of facilities of bathroom, washrooms, lavatories, urinal or toilets in public conveniences • Loading, unloading, packing, storage or warehousing of rice, cotton ginned or baled • Services received by RBI, from outside India in relation to management of foreign exchange reserves • Treatment of effluent by operator of Common Effluent Treatment Plant • Pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables. [Condition: essential characteristics of the said fruits or vegetables do not change]. • Services in relation to a tour wholly conducted outside India BY a tour operator TO a foreign tourist 	

SSP Exemption



SEZ Exemption



INDIRECT TAXES

6. Abatements

Description of taxable service	%	Condition that CENVAT credit has not been taken on
Services relating to financial leasing	90	Nil.
Transport of goods by rail*(other than service specified below)	70	Input (I) + Capital Goods (CG)
Transport of goods in containers by rail by any person other than Indian Railways	60	
Transport of passengers, by rail	70	I+CG
Transport of goods in a vessel	70	I+CG
Transport of goods [other than used household goods] by GTA	70	I+CG + Input Services (IS) not taken by SP
Transport of goods [used household goods] by GTA	60	I+CG + IS not taken by SP
Transport of passengers by air in (i) economy class	60	I+CG
(ii) other than economy class	40	
Transport of passengers by air embarking from or terminating in RCS Airport [abatement valid for 1 year from date of commencement of operations of RCS Airport as notified by Ministry of Civil Aviation]	90	I+CG + IS
Services provided by a foreman of chit fund in relation to chit	30	I+CG + IS
Transport of passengers by a contract carriage other than motor cab, radio taxi, or stage carriage	60	I+CG + IS
Renting of motorcab	60	I+CG + IS (other than mentioned below) Credit on IS of renting of motorcab allowed as follows: (a) Full credit: if such IS received from person paying ST on abated value (b) 40% credit: if such IS received from person paying ST on full value
Bundled service by way of supply of food etc. in a premises together with renting of such premises	30	Goods classifiable under Chapters 1 to 22 of the CETA
Renting of hotels etc. meant for residential/lodging purposes.	40	I+CG
Services by a tour operator in relation to,- (i) a tour, only for the purpose of arranging/booking accommodation for any person	90	I+CG+IS (other than the IS of a tour operator)
(ii) a tour other than (i) above	70	I+CG+IS (other than the IS of a tour operator)
Construction of a complex etc. intended for a sale to a buyer, except where entire consideration is received after issuance of completion certificate	70	Inputs

7. Service Tax (ST) Procedures

Registration: Every person liable to pay ST has to get registered by making an application to Superintendent of Central Excise. An input service distributor and taxable service provider whose aggregate value of taxable service in a FY exceeds ₹ 9 lakhs are notified to obtain registration.

- Application for registration is to be made online in form ST-1 to the concerned Superintendent of CE within 30 days from date on which ST is levied or within 30 days from the date of commencement of business, whichever is later. The certificate of registration is granted in Form ST-2 within 7 days from the date of receipt of application. Registration will be deemed to have been granted if not received within 7 days.

Centralised Registration: Person providing services from more than one premises or offices can apply for centralised registration, if he has centralised billing system or centralised accounting system.

Issue of Invoice, Bill or Challan: Invoice containing prescribed details to be issued **within 30 days** from date of completion of taxable service or receipt of payment towards the value of taxable service, whichever is earlier (**within 45 days in case of Banking Co. & NBFC**). Banking Co./NBFC enjoys relaxation that invoice may not be serially numbered & may not contain address of service receiver. GTA has to issue consignment note.

Payment of service tax-Rule 6

Due date: In case assessee is an individual or proprietary firm, LLP, partnership firm, HUF, OPC with turnover upto ₹ 50 lakh in PY--- 5th day of the following quarter (by 6th in case of e-payment)

- In case of company ----by 5th of the following month (by 6th in case of e-payment).
- E-payment is compulsory for all assessees.
- For month of March or quarter ending March ---- by 31st March in case of all the assessees.
- In case of advance----service tax becomes payable when advance is received.
- Individuals/partnership firms & OPC with aggregate value of taxable services of ₹ 50 lakh or less in previous year allowed to pay service tax on receipt basis in current year upto a total of ₹ 50 lakh.

Other provisions relating to payment

- Sub-contractors liable to ST
- Service tax not payable on free services
- In case of payment of ST by cheque, date of presentation of cheque deemed to be date of payment of tax subject to realization of that cheque.
- ST is liable to be paid even if not collected from the clients (by making back calculations).
- Advance payment of ST allowed.
- Self adjustment of ST allowed if assesee has refunded payment/issued credit note, where services are partly or wholly not rendered/amount of invoice renegotiated
- ST collected from the recipient of service must be paid to the Central Government
- Adjustment of excess amount paid towards ST liability allowed subject to condition that excess amount is not due to interpretation of law, taxability, valuation or applicability of any exemption notification.
- Property taxes paid are allowed as deduction in case of renting of immovable property service. Adjustment of excess amount paid as ST on account of non-availment of deduction of property tax is allowed within 1 year from date of payment of property tax.
- Provisional payment of ST allowed.

Alternative Rates For Payment of Service Tax

A. Air travel agent: 0.7% of basic fare in case of domestic bookings and 1.4% of basic fare in case of international bookings.

B. Insurer carrying on life insurance business: Insurer has the option to pay tax on gross premium charged reduced by amount allocated for investment, if intimated to policy holder and if not intimated, at 3.5% of the premium charged in the 1st year and at 1.75% in subsequent years; and 1.4% of the single premium charged in case of single premium annuity policy.

C. Sale/purchase of foreign currency including money changing

For an amount	Service tax shall be calculated at the rate of
upto ₹ 100,000	0.14% of the gross amount of currency exchanged or ₹35, whichever is higher
exceeding ₹1,00,000 and upto ₹ 10,00,000	₹140 + 0.07% of the (gross amount of currency exchanged - ₹ 1,00,000)
Exceeding ₹10,00,000	₹ 770 + 0.014% of the (gross amount of currency exchanged - ₹ 10,00,000) or ₹ 7,000, whichever is lower

D. Service of promotion, marketing or organising/assisting in organising lottery

Where the guaranteed lottery prize payout is > 80%	₹ 8200/- on every ₹ 10 Lakh (or part of ₹ 10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw.
Where the guaranteed lottery prize payout is < 80%	₹ 12,800/- on every ₹ 10 Lakh (or part of ₹ 10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw.

SBC & KKC payable on all above services, each will be computed by multiplying the service tax so calculated by (0.5/14)

Interest on delayed payment of service tax is 15%. However, if assessee has collected service tax but has not deposited it with Government on/before due date, interest rate will be 24%.

In case of service providers, whose value of taxable service does not exceed ₹ 60 lakhs during the last financial year, the rate of interest shall be reduced by 3% per annum.

Returns - Half yearly return in form ST-3 within 25 days of the end of the half-year. Annual Return-30th Nov. of succeeding F/Y. E-filing of return is compulsory for all assessees.

- Single return for multiple service providers. Revised return - half yearly within 90 days, annual within 1 month from date of submission of original return.
- Late fee payable for (i) half yearly return is as follows: (a) Delay upto 15 days – ₹ 500 (b) Beyond 15 days and upto 30 days – ₹ 1,000 (c) Delay beyond 30 days – ₹ 1,000 plus ₹ 100 per day of delay beyond 30 days, from 31st day onwards. (ii) For annual return- ₹ 100/ day for period of delay . Maximum late fees-₹ 20,000.
- Nil return to be filed even if no service provided during a half year and no service tax is payable.

Records-no prescribed nature & form of records, preservation of records at least for 5 years, E-preservation allowed & record to be authenticated by digital signature.

INDIRECT TAXES ||

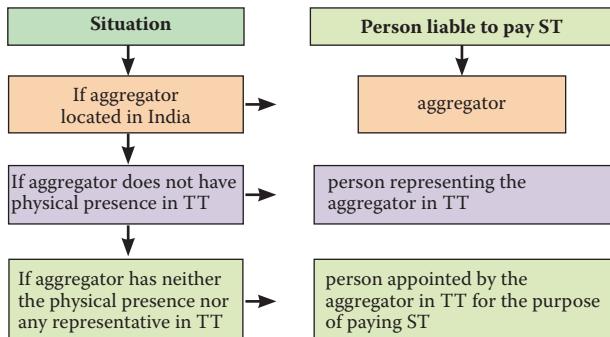
Reverse Charge Provisions

(1) FULL reverse charge

(a) Service Receiver (SR) liable to pay ST-

1 Insurance agent's services	2 Recovery agent's services
3 Sponsorship services to body corporate/ partnership firm located in taxable territory(TT)	4 Security services
5 Director's services to Banking Co./ NBFC	6 Lottery selling or marketing agent's services.
7 Services provided by a person located in non-taxable territory & recd in TT	
8 Supply of manpower services to business (bs.) entity registered as body corporate	
9 All services by Government to business entities excluding	
(a) renting of immovable property	
(b) services specified in section 66D(a)(i)/(ii)/(iii) [Department of Posts, Aircraft or vessel, transport of goods or passengers]	
10 Renting of a motor vehicle to carry passengers on abated value to any person not engaged in similar line of business	
11 Goods transport agency's services, where person liable to pay freight is any factory/ society/co-operative society/ body corporate/ partnership firm/ dealer of excisable goods	
12 Legal services provided by-	
(a) senior advocate to business entity	
(b)any advocate other than senior advocate to business entity having turnover exceeding ₹ 10 lakh in P/Y.	

(b) Case where person other than Service Provider(SP) liable to pay ST- Services involving an AGGREGATOR



(2) PARTIAL Reverse Charge-

S.No.	Service provided by individual/ HUF/ partnership firm located in TT to a bs. entity registered as body corporate, located in TT	% of ST payable by the SP	% of ST payable by SR
1	renting of a motor vehicle designed to carry passengers on non abated value to any person who is not engaged in the similar line of business	50%	50%
2.	service portion in execution of works contract	50%	50%

8. Prosecution & Penalty Under Service Tax

Prosecution

Offences punishable under section 89(1) of FA, 1994

Category A offence	Category B offence
Evasion of payment of service tax	Non-payment of amount collected as service tax beyond a period of 6 months from the due date of payment
Availment and utilization of CENVAT credit without actual receipt of taxable service/excisable goods	
Maintenance of false books of accounts/ failure to supply any information/ supplying false information	

O C*	If any person is convicted u/s 89 for an offence for	Where the amount is	Term of imprisonment
A	1st time	(i) upto ₹ 2 crore	Upto 1 year
		(ii) more than ₹ 2 crore	6 months** - 3 years
B	First time	(i) upto ₹ 2 crore	May extend to 3 years
		(ii) more than ₹ 2 crore	6 months** - 7 years
	2nd & every subsequent offence	(i) upto ₹ 2 crore	Upto 3 years
		(ii) more than ₹ 2 crore	Upto 7 years

*OC - Offence category

**Such imprisonment shall be for a term of less than six months if there are special and adequate reasons to be recorded in the judgment of the Court.

■ Cognizable offence [Sec 90 of FA, 1994]

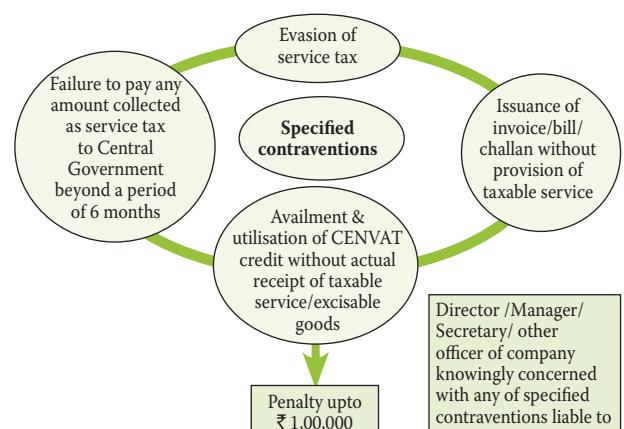
- Arrest can be made only for an offence specified under sec 89(1)(ii) i.e., when a person collects any amount as service tax but fails to pay the same to the Government beyond a period of six months and the amount exceeds ₹ 2 crore [Sec 91].
- A CEO can amend the order passed by him to rectify mistakes apparent from records by passing written order within 2 years from the date of original order. He can rectify the mistake *suo moto* or on being brought to his notice by assessee/Pr. Comm/Comm/Comm Appeals [Sec 74].
- A CEO can make best judgement assessment when return has not been filed or if filed, tax has not been assessed properly [Sec 72].
- The Comm. can authorise any CEO to enter into any registered premises for scrutiny, verification checks etc. [Rule 5A(1) of STR].
- A CEO authorised by JC/Addl Comm/notified CEO or such officers themselves may search and seize documents or books or things secreted in any place [Sec 82].
- Assessee shall have to produce records, audit reports (cost & income-tax) for scrutiny to the CEO/ audit party of the Comm/CAG/ nominated Chartered Accountant/Cost Accountant within time limits specified by such persons [Rule 5A(2) of STR].
- Pr. Comm/Comm may nominate a Chartered/Cost Accountant to audit the accounts of assessee if such officer has reasons to believe that there is wrong valuation of services, wrongful availment and utilisation of credit and that true and correct picture of the accounts cannot be obtained from the registered premises owing to operations spread out in multiple locations [Sec. 72A].

General penalty for contravention of provisions of FA, 1994 or rules thereunder [Section 77]

S.No.	Nature of offence	Maximum penalty leivable
1.	Failure to take registration as per provisions of section 69	upto ₹ 10,000.
2.	Failure to:- (a) furnish information called by officer (b) produce documents called for by CEO (c) appear before the CEO, when issued with a summon for appearance to give evidence or to produce a document in an inquiry	₹ 200 for every day during which such failure continues, starting with the first day after the due date, till the date of actual compliance or ₹ 10,000 whichever is higher
3.	Failure to make e-payment of service tax	₹ 10,000
4.	Issue of invoice with incorrect or incomplete details or fails to account for an invoice in his books of account	
5.	Any contravention of any provisions/rules for which no penalty is separately provided in this Chapter	
6.	Failure to keep, maintain or retain books of account and other documents as required as per the provisions	

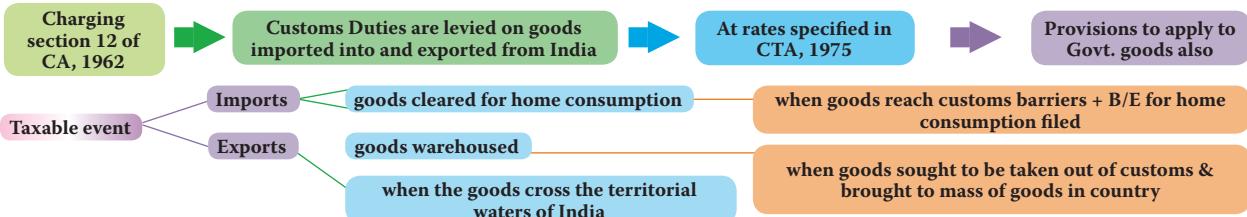
Personal Penalty on director, manager, secretary, or other officer found to be knowingly concerned with specified contraventions [Section 78A]

Penalty upto ₹ 1 lakh in case of certain specified contraventions committed by the company

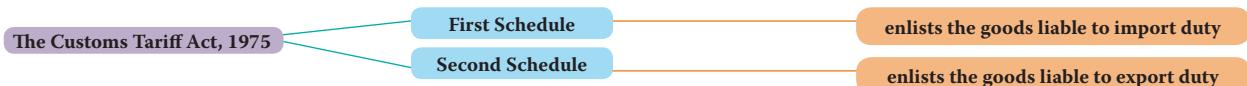


Customs & FTP

1. Levy of customs duty



- ◆ **Indian Customs waters** – means waters extending into the sea up to the limit of CZI & includes any bay, gulf, harbour, creek or tidal river.
- Powers of customs officers extend upto Indian Customs Waters.
- ◆ **Territorial Waters of India (TWI)**- extends upto 12 nautical miles (nm) from baseline on coast of India.
- ◆ **Contiguous Zone of India (CZI)**: area 12 nm beyond TWI; it is at a distance of 24 nm from the nearest point of the baseline.
- ◆ **India** - includes TWI



2. Types of customs duty

1. Basic customs duty (BCD) Section 12 of the Customs Act, 1962

Leviable on: imported/ export goods; **Rate:** Specified in Ist & IIInd Schedules of CTA, 1975

AV (on ad valorem basis): Transaction value u/s 14(1) /tariff value u/s 14(2)

2. Countervailing duty [CVD] Section 3(1) of CTA, 1975

Leviable on: any imported article **equal to excise duty** leviable on a like article if manufactured in India.

Rate: Excise duty rate on like article if manufactured in India (**Exception:** Alcoholic liquor for human consumption).

3. Countervailing duty [CVD] Section 3(3) of CTA, 1975

Leviable on: any imported article; additional duty [as determined by CG] to counter balance portion of excise duty leviable on Raw Materials, components & ingredients

AV for computing CVD under sections 3(1) & 3(3) of CTA, 1975

In case duty is charged on the like article	Determination of assessable value	
(i) on tariff value fixed under 3(2) of CEA.	Such tariff value	
(ii) on the basis of MRP u/s 4A of CEA.	RSP declared on the imported article	xxx
	Less: Abatement notified for like article	xxx
	Assessable value of the imported article	xxx
<i>Note: Where on any imported article more than one RSP is declared, the maximum of such RSP shall be deemed to be the RSP for the purposes of this section.</i>		
(iii) Any other case	Transaction Value u/s 14(1) /tariff value u/s 14(2)	xxx
	Add: Basic custom duty	xxx
	Assessable value	xxx
<i>Note: While computing CVD under sections 3(1) & 3(3), duties leviable under section 8B/9/9A shall not be included.</i>		

4. Special CVD - Section 3(5) of CTA, 1975

Leviable on: any imported article; **to counter-balance the sales tax/ VAT, etc.** leviable on like article on its sale in India

Rate: as notified by the Central Government, ≤ 4% [**Presently, it is 4%**]

AV for computing special CVD	Value u/s 14(1) /tariff value u/s 14(2)	xxx
	Add: Basic custom duty	xxx
	Add: CVD u/s 3(1)/ 3(3)	xxx
	Add: EC [customs]	xxx
	Add: SHEC [customs]	xxx
	Assessable value	xxx
	<i>Note: While computing special CVD under section 3(5), duties leviable under section 8B/9/9A shall not be included.</i>	

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5. EC & SHEC

Levied on: imported goods @ 2%/1% respectively on aggregate of customs duties levied

Special CVD u/s 3(5), duties leviable u/s 8B/9/9A & SHEC & EC itself be excluded for computing EC/SHEC

6. Other customs duties

On certain goods, additional duties like anti-dumping duty, safeguard duty, protective duty etc. can also be imposed. Cess is payable on some goods imported/exported.

Safeguard duty An additional product specific safeguard duty can be levied on an article if it is imported in increased quantities in India & is causing serious injury to domestic industry. EC/SHEC not payable on it.

Anti-dumping duty Dumping occurs when **Normal value of article in the domestic mkt of exporter > Export Price of article in India**
In such a case, anti-dumping duty can be imposed if such dumping causes or threatens to cause material injury to the domestic industry of India

$$\text{Anti-dumping duty is (i) Margin of dumping or (ii) Injury margin, whichever is lower.}$$

$$(1) \text{ Margin of Dumping} = \text{Normal Value} - \text{Export Price of goods imported into India}$$

Comparable price at which the goods under complaint are sold in the domestic market of the exporting country or territory in the ordinary course of trade.

However, if the normal value cannot be determined as per sales in domestic market of exporting country, normal value shall be

- Comparable representative export price to an appropriate third country,
- Cost of production in the country of origin + Administrative, selling & general costs, profits.

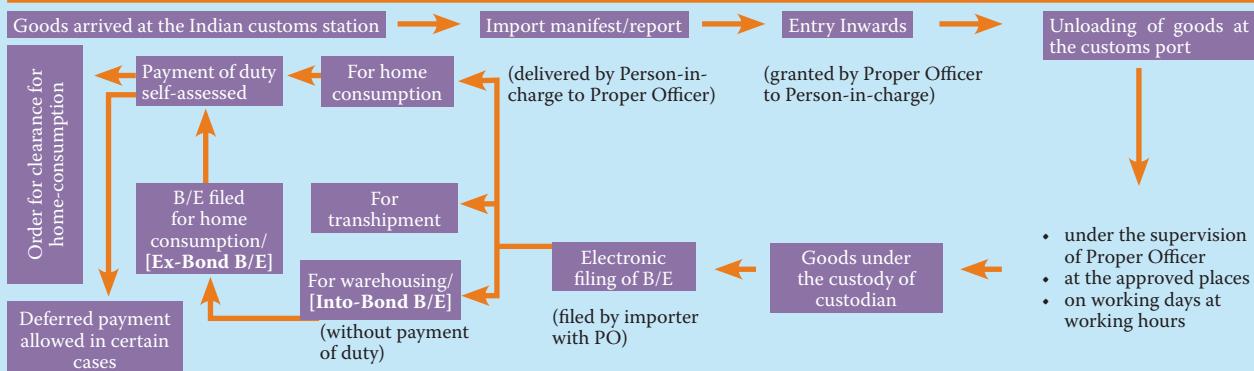
Export Price Price of an article exported from the exporting country or territory

$$(2) \text{ Injury Margin} = \text{Difference between Fair Selling Price [Non-Injurious Price (NIP)] due to the Domestic Industry and the Landed Value of the dumped imports}$$

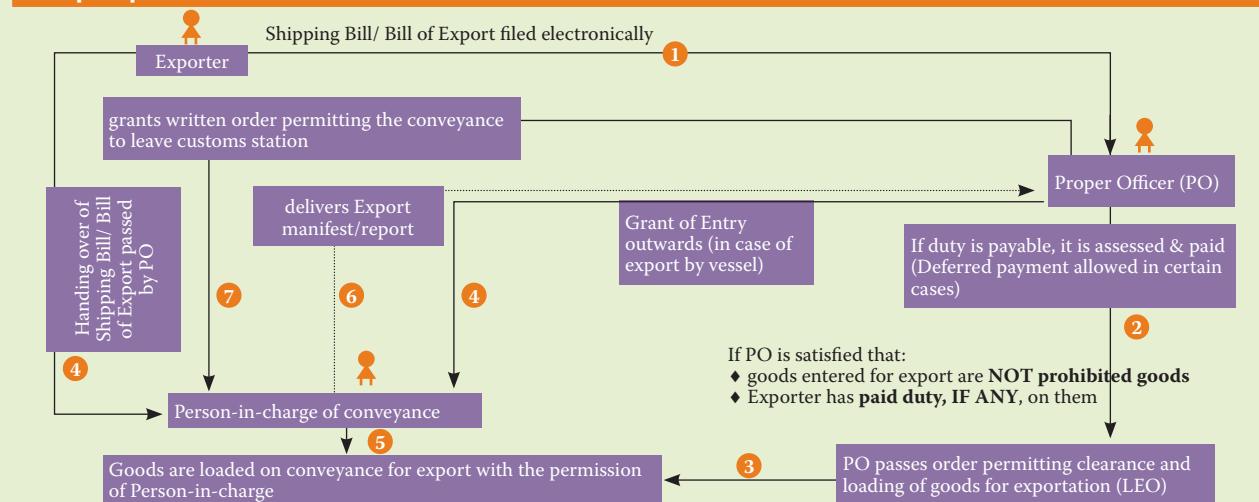
Landed Value AV under Customs Act & applicable BCD

EC and SHEC not payable on anti-dumping duty

3. Import procedure



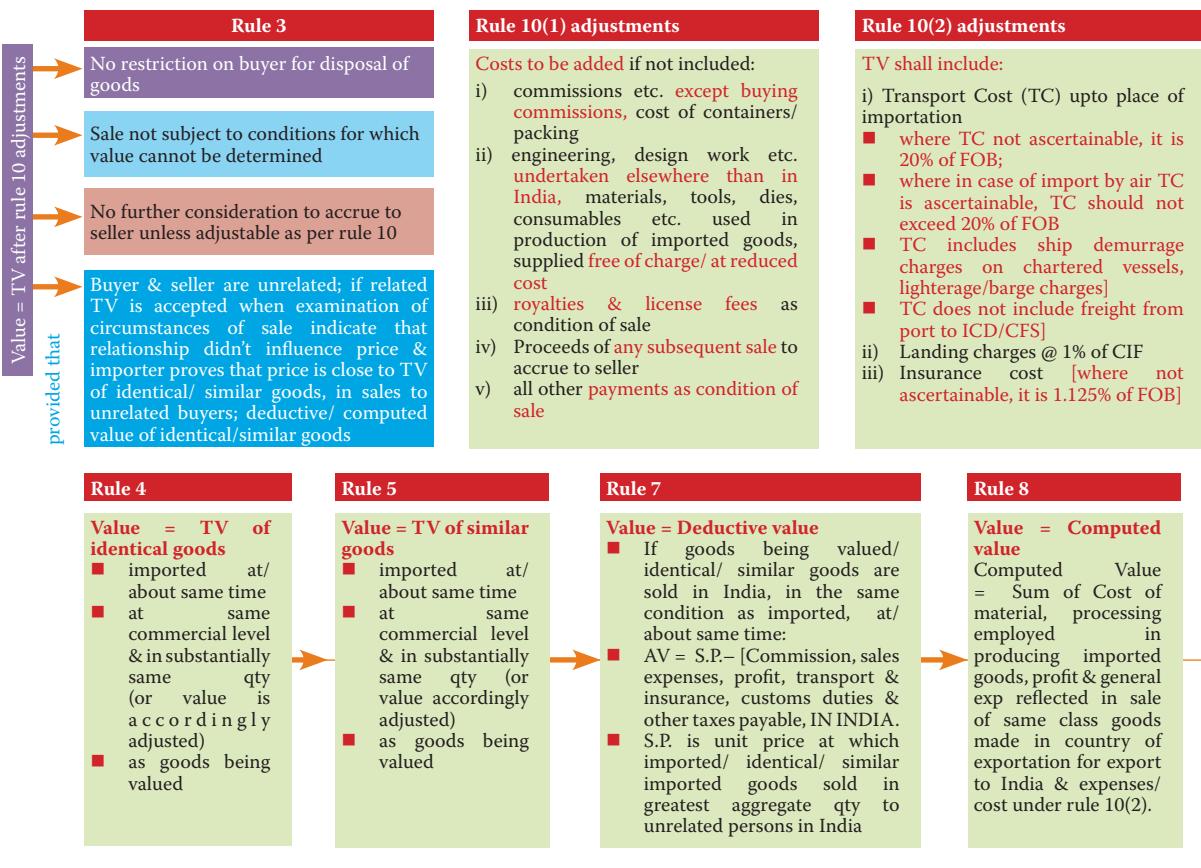
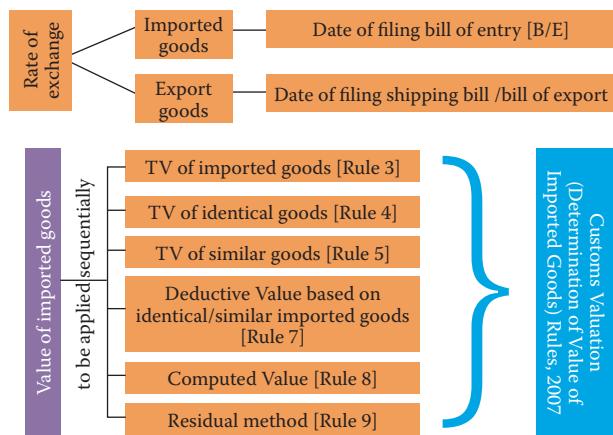
4. Export procedure



5. Valuation of customs duty

Section 14(1) - Transaction Value	Section 14(2)
TV of imported/export goods	Tariff Value
- Price actually paid/payable for goods when sold for export to/from India	CBEC may notify Tariff values for any class of imported/ export goods
- for delivery at time & place of importation/ exportation	
- buyer & seller not related	
- price sole consideration for sale	
- subject to conditions prescribed by rules.	

Imported goods	Date for determination of rate of duty/tariff value
entered for home consumption	Later of (i) date of filing B/E for home consumption or (ii) date of entry inwards to vessel/arrival of vehicle/aircraft
cleared from W/H	date on which B/E for home consumption is presented
Any other goods	date of payment of duty
Export goods	Date for determination of rate of duty/tariff value
entered for export	date of the 'let export' order (LEO)
Any other goods	date of payment of duty

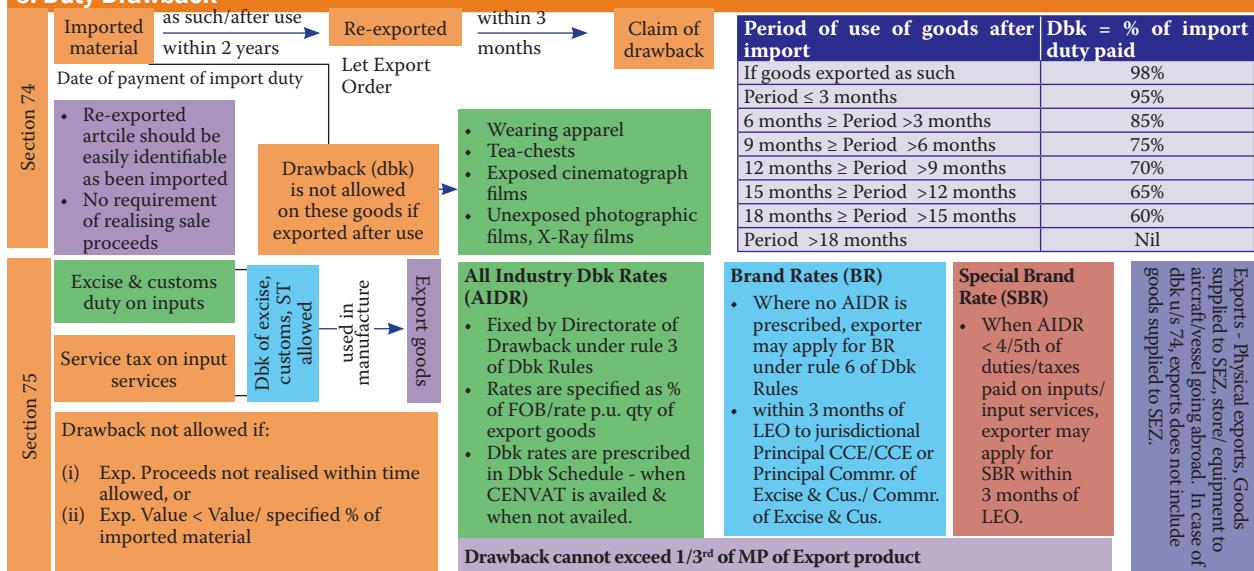


Rule 9
Value determined using reasonable means consistent with principles & general provisions of these rules and on the basis of data available in India
Value so determined ≤ Normal imported price of such goods

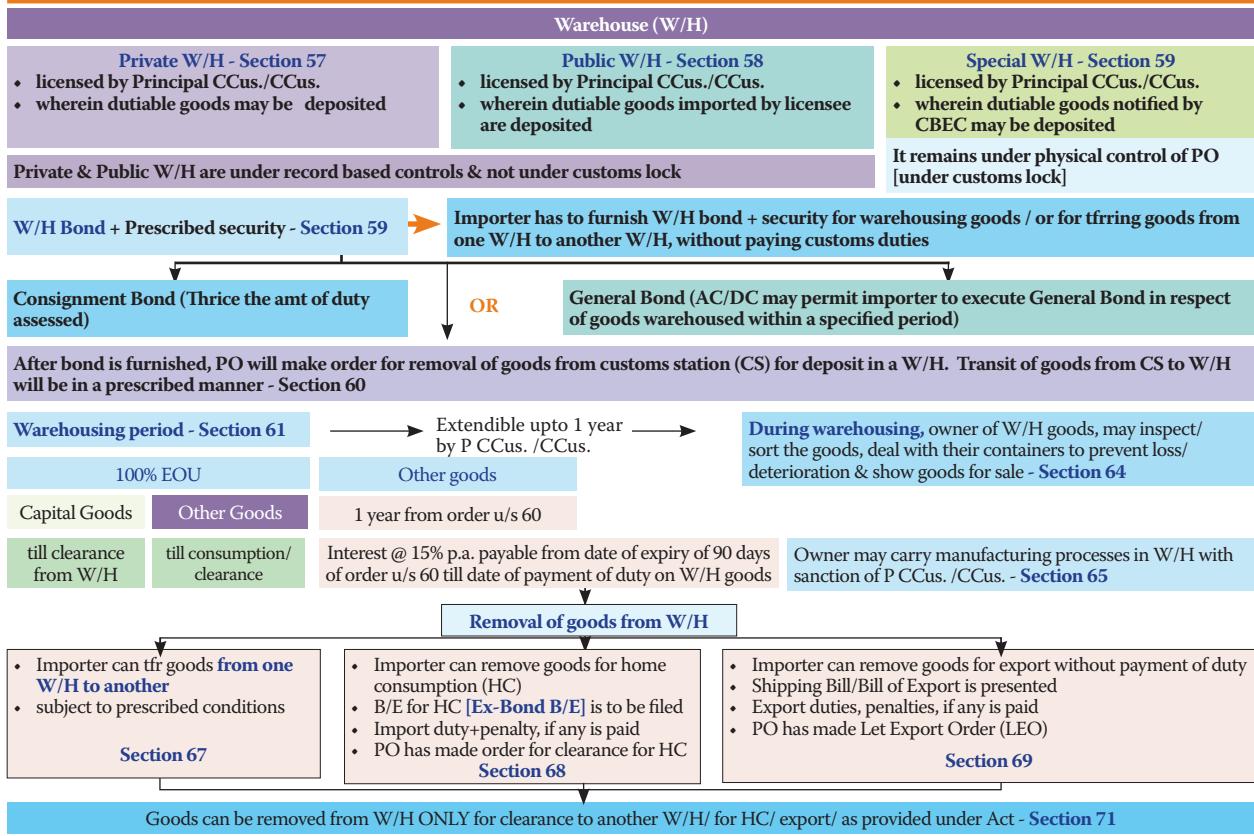
Valuation Rules be applied sequentially. However, the importer may request Proper Officer to apply computed value method before deductive value.

INDIRECT TAXES ||

6. Duty Drawback



7. Warehousing



Goods improperly removed from W/H - Section 72 – (i) If not removed in accordance with section 71 or (ii) where W/H goods have not been removed from W/H after expiration of W/H period – termed as improperly removed

Volatile goods - If volatile goods warehoused, at the time of delivery from W/H, found deficient in qty on a/c of natural loss, duty on deficiency would be remitted - Section 70

Cancellation of W/H Bond – PO can cancel the W/H Bond as discharged in full when whole of goods have been cleared for HC/export/Tfr/duly accounted for and all amt thereof has been paid - Section 73

8. Baggage Provisions

Baggage means luggage of a passenger accompanied/unaccompanied, & comprises of trunks/bags & personal belongings of passenger. Owner of the baggage is required to make a declaration [Baggage Declaration Form] of its contents to PO of customs, for clearing it. Duty is payable on such baggage at the rate in force on the date of such declaration. **Rate of duty on baggage is 35% ad valorem.**

Baggage Rules, 2016

General duty free baggage allowance (GFA)				
Rule No.	Class of passenger	Origin country from which passenger is coming	Articles allowed free of duty	
3	Indian resident (IR)/ Foreigner residing in India (FR)/ Tourist of Indian origin, excluding an infant	Any country other than Nepal, Bhutan or Myanmar (NBM)	(i) Used personal effects (UPE) & travel souvenirs (TS); and (ii) Articles (excluding Annexure I articles), if carried on in person/ in accompanied baggage, up to value of	₹ 50,000
	Tourist of foreign origin excluding infant	Any country other than NBM		₹ 15,000
4	IR/ FR/ Tourist, excluding an infant	NBM		₹ 15,000, Arriving by land: only UPE

Note: Infant passenger: only UPE allowed duty free. GFA of a passenger cannot be pooled with GFA of any other passenger.

Jewellery Allowance				
5	Passenger residing abroad for more than 1 year	Any country	Passenger	Jewellery
			Gentlemen	upto 20 gms with a value cap of ₹ 50,000
			Lady Passenger	upto 40 gms with value cap of ₹ 1,00,000

Transfer of residence				
6	Duration of stay abroad	Articles allowed free of duty	Conditions	Relaxation
9	3-6 months	Personal and household articles, other than those mentioned in Annexure I/ Annexure II, including Annexure III articles upto an aggregate value of	₹ 60,000	Indian passenger
	6 months-1 year		₹ 1,00,000	Indian passenger
	Minimum stay of 1 year during 2 PYs		₹ 2,00,000	Indian passenger should not have availed this concession in 3 PYs
	Minimum stay of 2 yrs or more		₹ 5,00,000	(i) Minimum stay of 2 years abroad, immediately preceding date of his arrival on transfer of residence
				The shortfall of upto 2 months in stay abroad can be condoned by AC/DC if early return is on account of - (i) terminal leave/vacation availed by passenger; or (ii) any other special circumstances.
				(ii) Total stay in India on short visit during 2 PYs should not exceed 6 months; &
				(iii) Passenger has not availed this concession in 3 PYs
				No relaxation
9	Crew Members: Baggage rules also apply to crew members engaged in foreign going conveyance for importation of their baggage, when they are finally paid off on termination of their engagement. However, other crew members of a vessel and aircraft are allowed to bring items like chocolates, cheese, cosmetics & other petty gift items for their personal/family use for a value ≤ ₹ 1500.			

Annexure I (See rule 3, 4 and 6)	Annexure II (See rule 6)	Annexure III (See rule 6)
<ul style="list-style-type: none"> Fire arms [& their cartridges>50] Cigarettes > 100 sticks, cigars>25, tobacco > 125 gms. Alcoholic liquor/wines> 2 ltrs. Gold/silver [other than ornaments] Flat Panel (LCD/LED) television. 	<ul style="list-style-type: none"> Colour Television/Video Home Theatre System. Dish Washer. Domestic Refrigerators ≥ 300 ltrs Deep Freezer. Video camera/ combination thereof Cinematographic films ≥ 35 mm Gold/silver [other than ornaments] 	<ul style="list-style-type: none"> VCR/VCP/VTR/VCDP Digital Video Disc player/ Music System. Air-Conditioner & Microwave Oven. Word Processing Machine. Fax/Portable Photocopying Machine. Washing Machine/Electrical/LPG Cooking Range Personal Computer/ Laptop Computer Domestic Refrigerators ≤ 300 ltrs

- Unaccompanied baggage (UB):** Above provisions are also applicable to UB, unless specifically excluded, if UB had been in possession, abroad, of passenger & is dispatched within 1 month [or extended period] of his arrival in India.
- UB can also land in India upto 2 months before arrival of the passenger. However, if passenger is not able to arrive in India within 2 months due to circumstances beyond his control, AC/DC may extend said period of 2 months upto 1 year.

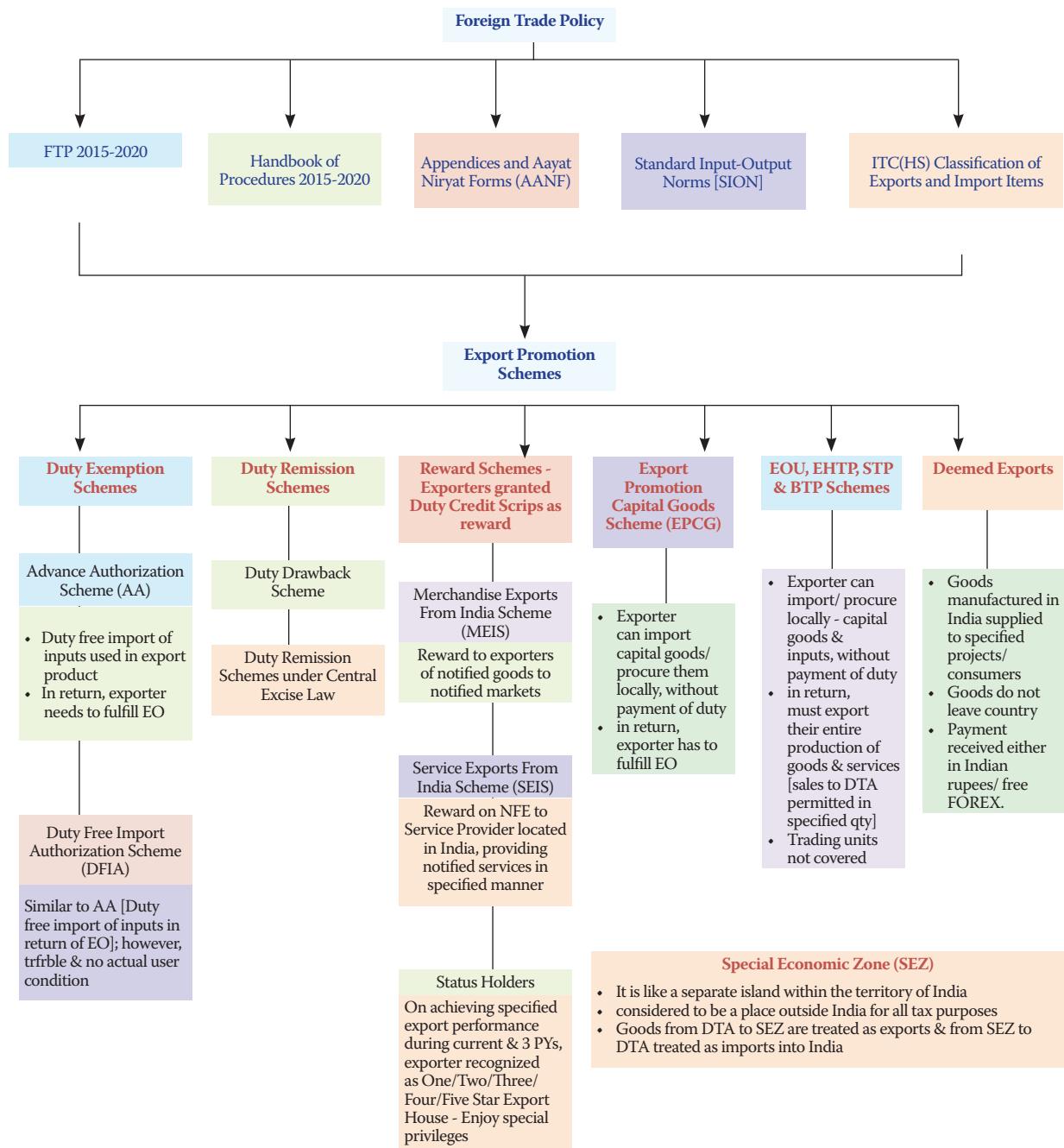
INDIRECT TAXES ||

9. Redemption fine -option to pay fine in lieu of confiscation [Section 125]

On confiscation, property in goods vest in CG. CG can sell/auction these goods. However, owner of goods /person from whom goods are seized may be given an option to get goods back by paying a fine known as **Redemption fine [RF]**. However, on payment of RF, liability to any duty & charges payable in respect of such goods does not get extinguished.

In case of confiscation of prohibited goods	PO may give the option to pay RF	Maximum redemption fine	Market price of goods confiscated	Duty chargeable
In case of confiscation of any other goods	PO is bound to give the option to pay RF			

9. Foreign Trade Policy



Common Provisions for Central Excise, Customs and Service Tax

A. Demand – [Sec 11A of CEA/Sec 28 of Customs Act/Sec 73 of FA, 1994]

Non-fraud cases	Time limit for issue of SCN	Time-limit for adjudication	
	Fraud cases	Particulars	Time Limit (from date of notice)
	For central excise and customs - 2 years from relevant date For service tax - 30 months from relevant date	For central excise, customs and service tax - 5 years from relevant date	Cases involving willful suppression etc. Cases other than the above
			One year Six months

- If duty/tax and applicable interest is paid voluntarily before issue of SCN in non-fraud cases → No SCN and penalty.
- CEO/Proper Officer will determine duty/tax & interest after giving an opportunity of being heard to the concerned person and will pass orders with reasons
- Mere non-disclosure is not suppression of facts. If there was bona fide belief, there can be no suppression of facts.
- Interest is payable for late payment of duty/tax [Sec 11AA of CEA/Sec 28AB of Customs Act/Sec 75 of FA, 1994].
- Interest is automatic and mandatory and cannot be waived.

Event	Relevant date	Penalty for failure to pay service tax – Sec 76 of FA, 1994
Non/short payment or non/short levy of duty or non-charging of interest (customs duty)	Date of order of clearance of goods	• Maximum 10% of service tax amount • Nil, if service tax + interest paid within 30 days of service of SCN • 25% of penalty, if service tax, interest and such reduced penalty paid within 30 days of receipt of order [Similar penalty payable under central excise. However, maximum penalty payable under central excise is ₹ 5,000 or 10% of duty, whichever is higher.]
Non/short levy or non/short payment of excise duty/service tax-when return has not been filed when return has been filed	Last date on which such return is required to be filed Date on which such return has been filed.	
Provisional assessment of duty/tax	Date of adjustment of the duty/tax after final assessment	
Erroneous refund of duty/tax	Date of such refund	
Interest to be recovered (in case of excise duty)	Date of payment of duty to which such interest relates	
Any other case	Date on which duty/tax is required to be paid	

- Property of person to whom SCN has been issued can be attached provisionally during adjudication, to protect interest of revenue [Sec 11DDA of CEA/Sec 28BA of Customs Act/Sec 73C of FA, 1994].
- After demand is confirmed, excise and customs authorities can recover the amount by various means, if assessee does not pay. If service tax/ excise duty is shown in the returns filed but not paid, recovery proceedings can be initiated without issue of SCN.
- Recovery can be made by adjusting against money payable to the person, by attachment and sale of goods(in case of excise & customs) or as arrears of land revenue. [Sec 11 of CEA/Sec 142 of Customs Act/Sec 87 of FA,1994]
- Recovery can be made by distraint and sale of property as per provisions of Sec 87 of FA,1994 & Sec 142 of Customs Act, which has been made applicable to excise also. Recovery can be made from successor of business to the extent of assets transferred.

B. Refund [Section 11B of CEA/Sections 26, 26A and 27 of Customs Act]

R	Assessee can file a claim refund of duty/tax and interest within 1 year from relevant date. If refund is delayed beyond three months, interest is payable to the assessee @ 6% p.a. Appeal should be filed and not a refund claim when adjudication order has been issued.
E	Refund is subject to doctrine of unjust enrichment i.e., it will be available only if the burden of duty/tax was not passed on to customer or amount was not recovered from buyer. Otherwise, the amount will be credited to Consumer Welfare Fund. Every person paying duty/tax will be deemed to have passed on the burden to buyer of goods.
F	Duty/tax collected from buyer must be paid to Government, even if it was not payable as per law. Duty/tax is required to be shown separately in invoice.
U	Doctrine of unjust enrichment applies to captive consumption of inputs and capital goods, provisional assessment and also when duty was paid under protest, but limitation period of 1 year is not applicable if duty/tax was paid under protest.
N	Mere fact that there was no change in price during relevant period is not a conclusive evidence that burden of duty has not been passed on.
D	Doctrine of unjust enrichment does not apply to refund of duty paid on inputs as per any rule/notification, duty paid on imports made by an individual for his personal use, export duty, redemption fine, penalty, rebate of duty on exports, money deposited in PLA, encashment of bank guarantee and duty drawback.
	Export duty is refundable under section 26 of the Customs Act if goods returned are not re-sale; goods are re-imported within 1 year from date of exportation; and refund claim is filed within 6 months from the date of order of clearance for re-importation.
	If imported goods are found defective or not as per specifications, import duty paid can be refunded under section 26A of Customs Act if goods are re-exported/ abandoned/ destroyed within 30 days from the date of import – extendable to 3 months. Goods should not have been used/repaired after imports. Application for refund should be made within 6 months from the relevant date.

C. Appeals

Order passed by	Appellate Authority to which the appeal lies to
All officers upto & including Addnl Comm.	Commissioner (Appeals)
Pr. Comm./ Comm./ Comm. (Appeals)	CESTAT, except in case where the order of Comm (Appeals) relates to loss of goods in transit, processing loss, rebate of excise duty on exports, exports without payment of excise duty, baggage, short/non landing of goods in India, drawback, rebate of service tax on input services etc. [revision application in such cases]
Comm. (Appeals)	Revision application to Central Government in matters listed in the row above (rebate, baggage etc.). No further appeal.
CESTAT	Supreme Court in matters relating to valuation and rate of duty
CESTAT	High Court in matters other than valuation and rate of duty
High Court	Supreme Court

INDIRECT TAXES ||

Departmental appeal/review

Reviewing Authority	Pr. Comm/Comm	Committee of Pr. Comms/Comms	Committee of Pr. Chief Comms/Chief Comms
Authority whose order will be reviewed	Adjudicating authority subordinate to Pr. Comm/Comm	Comm (Appeals)	Pr. Comm/Comm
Authority to whom appeal/application will lie to	Comm (Appeals)	CESTAT	CESTAT
Time period for passing the order to file appeal/application	3 months [Extendable to 30 more days in E&C]	Appeal to be filed within 3 months of communication of order of Comm (Appeals) to Pr. Comm/Comm	3 months [Extendable to 30 more days in E&C] Within 1 month from communication of order of Committee of Pr. Chief Comms/Chief Comms.
Time period for filing appeal/application	Within 1 month from communication of order of Pr. Comm/Comm	ST- Appeal to be filed within 4 months from the date on which the order sought to be appealed against is received by the Committee of Chief Comms or Committee of Comms	

Authority to which the appeal has been made	Time for filing appeal/review application/revision application	Section	Forms*
By Assessee (Appeal)			
Comm. (Appeals)	Within 60 days (2 months in ST) of communication (receipt in ST) of order of officers upto & including Addnl Comm.— extendable to another 30 days (1 month in ST)	Sec 35 of CEA/ Sec 128 of CA/Sec 85 of FA	EA-1/CA-1/ST-4
	Within 1 month from communication of order of Pr. Comm/Comm	Sec 35E(2) of CEA/Sec 129D(2) of CA/Sec 84 of FA	EA-2/CA-2
By Department (Application treated as appeal)			
CESTAT	Within 3 months of communication of order of Comm (Appeals)/Pr. Comm/Comm	Sec 35B of CEA /Sec 129A of CA/Sec 86 of FA	EA-3/CA-3/ST-5
	E&C (i) Within 1 month from communication of order of Committee of Pr. Chief Comms/Chief Comms. [Application treated as appeal] (ii) Within 3 months of communication of order of Comm (Appeals) to Pr. Comm/Comm [Appeal] ST- Appeal Within 4 months from the date on which the order sought to be appealed against is received by the Committee of Chief Comms or Committee of Comms	Secs 35E(1), 35B(2) of CEA/ Secs 129D(1), 129A(2) of CA/Sec 86(2), 86(2A) of FA	EA5/CA-5/ST-7 EA 4/CA-4/ST-6 (Cross objections by opposing party)
High Court	Within 180 days of receipt of order of CESTAT not involving valuation and rate of duty (rate of duty includes taxability or excisability of goods)	Sec 35G of CEA/ Sec 130 of CA	EA6/CA6 (Appellant) EA7/CA7 (Cross objections by opposing party)
Supreme Court	As per Code of Civil Procedure, 1908, from the order passed by High Court (if permitted by High Court) or order passed by CESTAT on valuation & rate of duty	Sec 35L of CEA/ Sec 130E of CA	
Govt. of India (Revisionary Authority)	Within 3 months of communication of order of Comm. (Appeals) on specified matters listed in table given above – extendable to another 3 months. [No provision for further appeal]	Sec 35EE of CEA/ Sec 129DD of CA	EA8/CA8

* EA series in excise, CA series in customs and ST series in service tax. ST=Service tax, E&C= Excise and Customs, CA= Customs Act, 1962, FA= Finance Act, 1994

Pre-deposit for filing appeal [Section 35F of CEA/ Section 129E of Customs Act]

Pre-deposit of specified percentage of duty/tax (as given below) is essential for filing an appeal.		
Stage of appeal	Appellate Authority	Quantum of pre-deposit
First Appeal	Comm (Appeals) or CESTAT	7.5% of the duty/tax where only duty/tax or both duty/tax and penalty are in dispute OR 7.5% of the penalty where only penalty is in dispute
Second Appeal	CESTAT	10% of the duty/tax where only duty/tax or both duty/tax and penalty are in dispute OR 10% of the penalty where only penalty is in dispute

Amount of pre-deposit cannot exceed ₹ 10 crore. 6% interest is payable on refund of pre-deposit from the date of its payment to the date of refund.

+ An authorised representative can appear on behalf of assessee. Court fee stamps are required to be affixed to appeal.
++ Comm (Appeals) cannot remand matter to lower authorities but Tribunal can remand the matter with suitable directions.

+ Tribunal is a quasi-judicial authority and final fact finding authority.
++ Tribunal sits in benches, consisting of judicial members and technical members.

+ Tribunal can grant maximum 3 adjournments during hearing of an appeal.
++ Small matters where duty/tax or penalty involved is less than ₹ 50 lakh can be decided by a single member bench, if issue does not relate to rate of duty or valuation.

+ Tribunal and High Courts have power to condone delay in filing appeal.
++ Tribunal can rectify its mistakes which are apparent from records. For this purpose, application is required to be filed within 6 months.

Monetary limits for filing of appeals by Department

Sl.No.	Appellate Forum	Monetary limit
1.	CESTAT	₹ 10,00,000/-
2.	High Courts	₹ 15,00,000/-
3.	Supreme Court	₹ 25,00,000/-

D. Advance Ruling [Sections 23A-23H of CEA/28E-28M of CA/96A-96-I of FA]

Under advance ruling, an applicant submits an application raising a question of law/fact regarding liability to pay duty/tax in relation to an activity* proposed to be undertaken by it, to Advance Ruling Authority (AAR) which determines question of law/fact raised by applicant.

*activity of manufacture/production/import/export/service

INDIRECT TAXES

Who can apply for an advance ruling (AR)?			
JV in India	Class/ category specified by CG		
<ul style="list-style-type: none"> NR setting up JV in India with R/NR R setting up JV in India with NR WS of which HC is a foreign co. <p>which proposes to undertake business activity in India</p>	→ specify by CG	<ul style="list-style-type: none"> Resident Public Ltd. Co. Resident Private Ltd. Co. Public Sector Co. 	<ul style="list-style-type: none"> Resident importing goods under notified project import scheme [under customs] Resident Firm [including LLP, sole proprietorship, one person co.]

Key: NR is non-resident, JV is Joint Venture, R is Resident, WS is Wholly Owned Subsidiary Indian Co., HC is Holding Co.

Questions in respect of which AR can be sought?

<ul style="list-style-type: none"> Classification of goods/classification of service as taxable service Applicability of exemption notification Principle to determine value of goods/taxable services 	<ul style="list-style-type: none"> Notifications issued in respect of duty under CEA/CETA, CA/CTA or any duty chargeable under any other law in the same manner as leviable under CEA/CA. 	<ul style="list-style-type: none"> Determination of origin of goods in terms of rules under Customs Act (CA) Determination of liability to pay excise duty/service tax on any goods/taxable services Admissibility of CENVAT credit
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Application for AR in quadruplicate with ₹ 2,500 fee	AAR will forward application to Principal Comm/Comm & may, if necessary, call relevant records from them. After examining application & records (if called), AAR may allow or reject application after giving applicant an opportunity of being heard. Copy of such order will be sent to applicant & Pr. Comm/Comm.
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application shall not be allowed if

Question raised is pending before any officer of customs/excise/Tribunal/Court	Matter has already been decided by Tribunal/Court
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On application being admitted, AAR will pronounce its ruling on question raised, within 90 days of receipt of application. Copy of ruling will be sent to applicant & Pr. Comm/Commissioner.
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AAR is binding on

AAR ruling is **not appealable** but writ petition is maintainable.
Application for AR can be withdrawn within 30 days of application.

Applicant	Pr. Comm/Commissioner in respect of applicant
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unless there is change in law/facts on the basis of which AR has been pronounced

If AR is obtained by applicant by fraud/misrepresentation of facts, AAR, may by order, declare such ruling to be void *ab-initio*

E. Settlement Commission [Sections 31, 32, 32A-32P of CEA/127A-127N of CA/made applicable by S. 83 of FA]

Customs, Central Excise & Service Tax Settlement Commission provides an opportunity to assessees who may have evaded the duty/tax, to apply for settlement of their cases, on the basis of true & complete disclosure of their duty/tax liability by them. Settlement Commission (referred as SC in this topic) provisions have been made applicable to service tax by virtue of section 83 of FA.			
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Who can apply for settlement of cases?	Any manufacturer, producer, registered person of a private warehouse/person liable to pay service tax/ any exporter, importer, or any other person, may make an application in respect of a case relating to him pending before adjudicating authority. True & full disclosure by applicant is a pre-requisite.
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Conditions for filing application

<ul style="list-style-type: none"> B/E, Shipping bill, baggage declaration etc. has been filed by importer/exporter [in case of customs] & return has been filed [in case of excise/service tax, however, this condition can be waived by SC] SCN received by applicant 	<ul style="list-style-type: none"> Case not pending before Tribunal/ Court Dispute not related to interpretation of classification of goods/taxable service Additional amt of duty/tax accepted by applicant > ₹ 3,00,000 	<ul style="list-style-type: none"> Applicant has paid additional amt of excise/ customs duty/tax along with interest Application once made cannot be withdrawn
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Application for SC with specified fee+ duty+ interest	SC will issue SCN to applicant within 7 days of application & within 14 days of issue of SCN, allow or reject the application. Call for a report & relevant records from Pr Comm/Comm, to be furnished within 30 days. May also order further enquiry [report to be furnished within 90 days] by Comm (Investigation) within 15 days of receipt of report of PC/C.
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Powers of SC	After examining reports & records & further evidence placed before it, SC will pass the order after giving the applicant & PC/C, an opportunity of being heard. SC has to pass the order within 9 months (extendable by 3 months) from last day of the month in which application was made.
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Bar on subsequent application for settlement in certain cases	SC order shall provide for terms of settlement including demand for duty/tax/penalty/interest, to be paid by the applicant within 30 days of receipt of order. In case of failure to so pay, amt not paid shall be recovered as per procedure u/s 11 of CEA/142 of CA. The order of SC can be declared void if obtained by fraud/misrepresentation of facts
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Powers of SC	<ul style="list-style-type: none"> If SC order imposes penalty for concealment of particulars of his duty liability If after SC order, applicant is convicted of an offence relating to that case If SC sends back the case to CEO/PO.
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Subject Wise Typical Errors Committed By Students in Examination

Accounting

- Most of the students go for selective study at the time of preparation. Consequently, they are not able to gain confidence on the subject and also the surety to fare well in the exam.
- In practical papers, students do not focus on theoretical / conceptual understanding of the topic. Theory questions are generally skipped at the time of preparation. Any twist in the question dumps them in the state of confusion which ultimately is reflected in their solutions/answers.
- Practical / numerical questions require written practice without referring the solution in the first go. However, many students solve practical questions orally on calculator. By doing this they do not apply their mind fully rather they simply endorse the solution given in the material. For development of analytical skill, and proper understanding of the concept, it is essential that students do written practice of each and every question by hand. This will also help them in time management and gaining speed.
- In practical question, lots of computations are required. Students apply correct concepts/ knowledge but many a times err in the calculation. These calculation mistakes may occur either due to consideration of wrong figures or error in addition in place of subtraction and vice versa.
- Students sometimes arrive at correct calculation but falter at the time of copying it in their answer sheet i.e. they unconsciously interchange the digit places of the amount, for example ₹ 1025 written as ₹ 1052.
- One of the common errors committed by the students is wrong carry forward of the amounts from one page to another. This results into mistake in all the further computations, wherever that amount is used, and loss of marks.
- In Accounts, formats play an important role in the presentation of the financial statements. It is observed that students solve the questions correctly but do not prepare their financial statements in the applicable formats especially in Paper 5 : Advanced Accounting at Intermediate (IPC) level (with respect to Corporate entities, Banking and Insurance companies) and in Paper 1 : Financial Reporting at Final level for corporate entities.
- Students give irrelevant details even for small question thereby spending unnecessary time on the question which is not required. It is advised that

students should restrict their answers according to the marks allotted to that question.

- It is observed that all the parts of the question are not answered in continuity. Also each answer was not started from a fresh page by many students.
- Working Notes form part of the solution and carry marks. However, it is found that students directly calculate the amounts on the calculator and write the same in the main solution without substantiating it with the help of the necessary working notes. This is one of the main reasons of losing vital marks.
- In theory questions or on accounting standard based questions, students do not read the requirements of the question properly and present vague answers without sufficient explanation and reason. For example, question requires to 'the treatment of the transaction' and students calculate the amount and end the answer without substantiating the same with the relevant provisions of the accounting standards and the presentation in the financial statements. Though they calculate correct figure, still they will score less or no marks.
- At many places, assumptions are required to be mentioned in the solution since it is the base on which your solution is derived. Students overlook this and though solve the question by taking assumption but fail to mention the same in the solution thereby losing marks.
- Students sometimes mention wrong Accounting Standard name and number or the para numbers in their solution. It is advised, if they are not sure, then they should avoid mentioning it. Wrong quoting of AS name and number may lead to deduction of marks.

Law

- **Lack of comprehensive study:** Students preference for selective study by referring examination papers of last 5-6 attempts, affects the understanding and performance of the students during the examination. A comprehensive study covering the entire syllabus of the subject are overlooked by the majority.
- **Lack of conceptual study:** Students' fail to emphasize their focus on the major legal provisions, case laws, (if any) and understand their practical implications. Besides, students ignore on the terms/definitions used in Act at various places, so they are usually confused whenever question based on the definitions is asked in the examination.
- **Lack to meet the expectation of the examiner:** By and large, students are not aware of the level of

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knowledge prescribed for the paper. So they are not able to meet the expectation as required from the Students during the examination.

- **Ignorance to Bare Act:** Further, students have no habit of reading the Bare Acts. It is necessary for better understanding of the provisions contained in various statutes and the way the legal provisions are given. This will increase their performances while representing their answers with the better drafting of the answer in the legal manner.
- **Lack of preparation of brief notes:** The preparation of brief notes helps to recapitulate the main concept during the examination. Normally, students refrain from preparation of brief Notes. Brief notes act as a capsule during the examination.
- **Lack of practice in examination conditions:** Students do not attempt the past year examination question paper/ Mock Test Papers under examination conditions and do not assess their preparation. They merely do an audit of these questions rather than practicing them in examination conditions.
- **No planning:** Students fail to plan their time during examination. Even some time, no time is left for the revision. And many a times, students fail to attempt full paper and do all questions. So, it is important that students must finish each question within allocated time. And some time must be saved for the revision of the paper in the end.
- **Requirement of the question not correctly understood:** Students are required to read and to understand very clearly as to what is required by the paper-setter. Sometimes, students are negligent while reading the question and this is reflected in their answer as they sometimes are not able to understand the simplest of issues or the questions that have been picked from the illustrations of the study material/ practice manual/ revision test papers.

Also, many a times, students start a particular question and then leave it in the middle, which is another instance where they have not read the question correctly and have not well thought about the answer to the question and hence they leave the question amidst.

- **Word limit is ignored:** Students preferably write more than required to show that they know a lot about the said concept. This affects adversely on their performance (which will adversely affect performance of other questions due to limited availability of time). So marks allotted and time required for attempting the question must be kept in mind. Always be concise and write to the point and do not try to fill pages unnecessarily.
- **Lack of logical reasoning or assumption is missing where there is an ambiguity in the question:** In case where a question is not clear, one may state his assumptions and then answer the question. A proper logical expression must be there

in the answer. However, the students fail at this front also.

- **Weak representation of answer:** Most of the students' answers are so disorganised and are so untidy that it affects the scoring of marks. Students should emphasize on the representation of the answer to make it more legible and appealing to catch the examiner's eye.
- **Lack of knowledge of the significant amendments:** Last but not the least, students are not updated with the recent relevant amendments for the examination. So the question based on the recent developments is left untouched by the large number of the students.

Auditing

- Students do not elaborate concept due to lack of conceptual clarity. They do the capsule learning i.e. not going through the bare Standards/ provisions of the Acts which restrain them from proper learning and understanding of the concepts.
- Students are unable to correlate the applicable Standards or provisions to the given question due to lack of proper learning and revisions.
- Sometimes students do not understand the question and its requirements properly thereby giving wrong answer.
- Students write the same points in active/passive form or breaking one point into 2-3 points to increase the number of points in the answer which is not correct.
- Failure to arrive at the conclusion as required in the question.
- Important points are skipped while answering the question and attempt in very general manner.
- Students write irrelevant extra material not asked in the question thinking that they would fetch more marks.
- Failure to establish relationship between topics where required.

Taxation

Direct Tax

- **Lack of conceptual clarity:** The students' answers reflect lack of conceptual clarity as well as lack of requisite application skills which reflect inadequate preparation for the examination.
- **Lack of knowledge of the recent amendments relevant for examination:** Many a times, students may have studied the subject for an earlier attempt and not qualified. Thereafter, for the next attempt, the amendments made by the successive Finance Act would become applicable. However, students are not aware of these amendments and answer the questions based on the earlier position of law.
- **Requirement of the question not correctly**

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understood: Sometimes, the students are not able to understand the exact requirement of the question, probably because they do not read the question properly, and therefore, their answer is not appropriate having regard to the question asked.

- **Answers not supported with proper reasoning:** The students, sometimes, do not substantiate their conclusion/answers with proper reasoning based on the relevant provisions of law. Particularly, in computation based problems, the answers are not supported with proper working notes/explanatory notes.
- **Assumptions/Views not clearly stated:** Since tax laws are prone to different interpretations, it is possible to have two or more views on a particular aspect. Therefore, it is very essential to state the assumption/view based on which the answer is given. However, it is noted that students do not clearly state their views/assumptions in their answers.
- **Manner of answering case law based questions not appropriate:** Quite often, students are not aware of the relevant judicial decisions to be applied while answering such questions. Also, the students who are aware of the judicial decisions seem to be under the wrong impression that merely by giving the name of the parties involved in the judgments, they could secure sufficient marks. Students should take care to write the answer to such questions by identifying the issue involved, discussing the relevant provision of law, explaining the rationale of the relevant court ruling and applying the same to the case on hand and stating the proper conclusion, which would make their answer complete and help them score good marks. Mentioning the name of the parties involved would certainly add value to the answer but that alone is not sufficient to score good marks.
- **Poor writing and communication skills:** Students answers also reflect poor writing and communication skills. They are not able to effectively communicate their point of view in their answers.

Indirect Tax

- Students do not provide working/explanatory notes for the numerical problems asked in the examination. Such notes carry marks and are an integral part of any computation question. Students end up losing crucial marks by not substantiating their computations with appropriate notes even though they might have arrived at a numerically correct answer. Also, wherever notes are written by students, they are vague, based on general idea, incomplete and not backed by statutory provisions.
- In most of the cases, computational questions specifically require the students to state their assumptions. However, students overlook this important aspect and fail to state the assumption

on the basis of which they answer the question. For example, while computing service tax liability, students do not clearly write their assumption with regard to assessee's eligibility for exemption available to small service providers.

- For the questions requiring the students to answer in terms of "True/ False" along with reasons thereof, students merely state "True/ False" and do not give valid reasons. Reasons also carry marks. Therefore, students lose marks by not writing reasons for such questions
- In case law based questions, students reproduce the facts of the case in their answer and thus end up losing precious time during examination. Students directly write the decision of the Court without elucidating the relevant statutory provisions and/or observations of the Court on the basis of which the conclusion has been arrived at.
- In case of questions involving common topics relating to procedural law in excise/ custom/service tax, many a time students wrongly answer the question with reference to a different statute than the one specified in the question.
- In theoretical questions, students merely mention the conclusion or write general answers based on guess work without adducing relevant statutory provisions. Further, the communication and writing skills of the students are also found to be extremely poor. They need to improve their writing skills as even if they are aware of the provisions, they are not able to present their views coherently.
- Students quote wrong section numbers and wrong name of party and Courts in their answers. It is advised not to quote than to misquote a section number/ case law as misquoting will certainly lead to loss of marks.
- Students should not resort to selective studies. They should take up in-depth study of the subject and keep themselves updated with the relevant amendments so as to fare well in the examination.

Strategic Financial Management

- Lack of conceptual knowledge
- Start attempting the question without going through the facts given in the question due to Selective Study Approach
- Ignoring theoretical aspect of the paper resulting in lack of conceptual knowledge and sketchy answers in examination.
- Wrong calculation of related cash flows in Capital Budgeting and Leasing Questions.
- Application of wrong model in the Dividend Decision questions.
- Lack of knowledge of concepts such as Swaps, Forward Rate of Agreements and other Derivative products.

- Application of wrong formula in Portfolio Management questions.
- The difference between Recourse and Non Recourse Factoring is not clear to many students.
- Error in Calculation of NAV especially Bonus units
- Confusion in computation of Bid, Ask and Cross Rates of Foreign Exchange.
- Confusion in determination of whether any foreign currency is at premium or discount.
- Lack of knowledge of Hedging techniques of foreign exchange risk.
- Lack of knowledge of provisions related to Cancellation/ Extension of Forward Contracts in Foreign Exchange

Advanced Management Accounting

- **Conceptual error:** Students lack in conceptual clarity and struggle in applying knowledge, particularly when the language or requirements in a question is not conventional.
- **Copying incorrect data:** Sometimes students copy the data given in the question paper incorrectly in the numerical questions.
- **Usage of wrong formula:** Usage of wrong formula, particularly in topics like Standard Costing.
- **Misinterpreting a question:** Students provide answers which are not as per the requirement of the questions.
- **Vague answers to theoretical questions:** Students provide vague answers to theoretical questions, depicting less weightage to theoretical and conceptual part in their planning.
- **Poor presentation skills:** Lack of sequential presentation of answers & their sub parts and writing skills.
- **Time mismanagement:** Time management is crucial. Some students spend more than the required time on a particular question.

Cost Accounting and Financial Management

- **Conceptual error:** Students lack in conceptual clarity and struggle in applying knowledge, particularly when the language or requirements in a question is not conventional.
- **Computational error:** Computational error leads to wrong answers in subsequent parts specially where the requirements are interlinked; for example, CVP analysis in marginal costing and discounting of cash flows in Investment Decisions.
- **Usage of wrong formula:** Usage of wrong formula, particularly in topics like Material, Labour, Standard Costing Marginal Costing, Time value of money, Cost of capital, Ratio Analysis etc.

- **Miscomprehension of question:** Students provide answers which are not as per the requirement of the questions.
- **Inappropriate answers:** Students provide incomplete/ inappropriate answers to questions particularly when they are asked to give suggestion/ comment.
- **Vague answers to theoretical questions:** Students provide vague (sketchy) answers to theoretical questions, depicting less weightage to theoretical and conceptual part in their planning.
- **Poor presentation:** Poor and illegible presentation of the answers which indicates lack of clarity of thoughts.

Information Technology

- **Lack of conceptual clarity:** Due to lack of clarity, candidates fail to comprehend the technical essence of the question and provide a generalized answer, that leads to losing of the marks. They tend to provide general or vague answers that do not cater to the requirement of the question. They write what they know about the topic rather than providing what has been asked in the question.
- **Disproportionate answers:** Instead of providing specific and to-the-point answers, candidates at times write the answers that are not commensurate with the marks allotted to the questions.
- **Poor presentation skills:** Candidates exhibit the inability to form correct complete sentences and commit various grammatical and spelling mistakes.
- **Emphasize on headings only:** Candidates seem to mainly emphasize on the headings pertaining to the topics and fail to express appropriately in the examination.
- **Handwriting illegible:** Candidates at times do not fetch marks due to their illegible handwriting.

Strategic Management

- Lack of conceptual clarity. It appears that many students are doing selective studies and not devoting enough time to the subject.
- Providing general, vague and irrelevant answers. Answering what the students know instead of what has been asked in the question paper.
- Grammatical and spelling mistakes. Inability to form correct sentences. There are often issues in vocabulary, language and presentation of the answers.
- Writing illegibly.
- Inability to express. Provide right arguments to substantiate the views. For example, in the questions of type correct/incorrect, often students are able to correctly identify the correctness of sentences but are not able to give the reasons. ■

Webcasts and Mock Tests for May, 2017 Examination

The Board of Studies has started organizing LIVE Webcasts and Mock Test Papers for Intermediate (IPC) and Final Course students on "How to prepare for respective subjects for May, 2017 examination". These webcasts aim to mentor students on the strategy to prepare for the respective subjects. The same has started from March 20, 2017 and would continue till April 17, 2017 covering all the subjects of IIPC and Final courses.

The schedule for the webcasts and mock tests is as under:

Sr.	Paper	Date	Type	Timings	Subject	Link for Webcasts
1	IIPC P1	Monday, March 20, 2017	Webcast 1	4.00 – 6.00 p.m.	Accounting	http://estv.in/ icai/20032017/webcast1/
		Tuesday, March 21, 2017	Mock Test	2.00 – 5.00 p.m.	Accounting	
2	IIPC P2	Friday, April 14, 2017	Webcast 1	4.00 – 6.00 p.m.	Business Laws, Ethics and Communication	http://estv.in/ icai/14042017/webcast1/
		Saturday, April 15, 2017	Mock Test	2.00 – 5.00 p.m.	Business Laws, Ethics and Communication	
3	IIPC P3	Friday, March 31, 2017	Webcast 1	4.00 – 6.00 p.m.	Part-I: Cost Accounting	http://estv.in/ icai/31032017/webcast1/
		Friday, April 07, 2017	Webcast 1	4.00 – 6.00 p.m.	Part-II: Financial Management	http://estv.in/ icai/07042017/webcast1/
		Saturday, April 08, 2017	Mock Test	2.00 – 5.00 p.m.	Cost Acc and Financial Mgt	
4	IIPC P4	Friday, April 14, 2017	Webcast 2	6.30 – 8.30 p.m.	Part-I: Income Tax	http://estv.in/ icai/14042017/webcast2/
		Monday, March 27, 2017	Webcast 1	4.00 – 6.00 p.m.	Part-II: Indirect Taxes	http://estv.in/ icai/27032017/webcast1/
		Monday, April 17, 2017	Mock Test	2.00 – 5.00 p.m.	Taxation	
5	IIPC P5	Monday, April 03, 2017	Webcast 1	4.00 – 6.00 p.m.	Advanced Accounting	http://estv.in/ icai/03042017/webcast1/
		Wednesday, April 05, 2017	Mock Test	2.00 – 5.00 p.m.	Advanced Accounting	
6	IIPC P6	Thursday, March 23, 2017	Webcast 1	4.00 – 6.00 p.m.	Auditing and Assurance	http://estv.in/ icai/23032017/webcast1/
		Friday, March 24, 2017	Mock Test	2.00 – 5.00 p.m.	Auditing and Assurance	
7	IIPC P7	Wednesday, March 29, 2017	Webcast 1	4.00 – 6.00 p.m.	Sec-A: Information Technology	http://estv.in/ icai/29032017/webcast1/
		Tuesday, April 11, 2017	Webcast 1	4.00 – 6.00 p.m.	Sec-B: Strategic Management	http://estv.in/ icai/11042017/webcast1/
		Wednesday, April 12, 2017	Mock Test	2.00 – 5.00 p.m.	Information Technology & Strategic Mgt	
8	Final P1	Monday, March 27, 2017	Webcast 2	6.30 – 8.30 p.m.	Financial Reporting	http://estv.in/ icai/27032017/webcast2/
		Tuesday, March 28, 2017	Mock Test	2.00 – 5.00 p.m.	Financial Reporting	
9	Final P2	Monday, March 20, 2017	Webcast 2	6.30 – 8.30 p.m.	Strategic Financial Mgt	http://estv.in/ icai/20032017/webcast2/
		Wednesday, March 22, 2017	Mock Test	2.00 – 5.00 p.m.	Strategic Financial Mgt	
10	Final P3	Friday, March 31, 2017	Webcast 2	6.30 – 8.30 p.m.	Adv. Auditing & Professional Ethics	http://estv.in/ icai/31032017/webcast2/
		Saturday, April 01, 2017	Mock Test	2.00 – 5.00 p.m.	Adv. Auditing & Professional Ethics	
11	Final P4	Friday, April 07, 2017	Webcast 2	6.30 – 8.30 p.m.	Corporate and Allied Laws	http://estv.in/ icai/07042017/webcast2/
		Monday, April 10, 2017	Mock Test	2.00 – 5.00 p.m.	Corporate and Allied Laws	
12	Final P5	Thursday, March 23, 2017	Webcast 2	6.30 – 8.30 p.m.	Adv. Mgt Accounting	http://estv.in/ icai/23032017/webcast2/
		Saturday, March 25, 2017	Mock Test	2.00 – 5.00 p.m.	Adv. Mgt Accounting	

13	Final P6	Tuesday, April 11, 2017	Webcast 2	6.30 – 8.30 p.m.	Information Systems Control & Audit	http://estv.in/ icai/11042017/webcast2/
		Thursday, April 13, 2017	Mock Test	2.00 – 5.00 p.m.	Information Systems Control & Audit	
14	Final P7	Wednesday, March 29, 2017	Webcast 2	6.30 – 8.30 p.m.	Direct Tax Laws	http://estv.in/ icai/29032017/webcast2/
		Thursday, March 30, 2017	Mock Test	2.00 – 5.00 p.m.	Direct Tax Laws	
15	Final P8	Monday, April 03, 2017	Webcast 2	6.30 – 8.30 p.m.	Indirect Tax Laws	http://estv.in/ icai/03042017/webcast2/
		Thursday, April 06, 2017	Mock Test	2.00 – 5.00 p.m.	Indirect Tax Laws	

The recordings of the webcasts are made available on the same link after the session date.

Students are advised to view the LIVE as well as recorded webcasts and contact their Regional Office/ Branch to take advantage of the webcasts and also to take the mock tests to prepare themselves for the forthcoming examination.

Director, Board of Studies

ADDENDUM: Paper No. 2, Business Law, Ethics and Communication [Intermediate (IPC) Course Level]

Students are advised to refer to the addendum to the printed copy of RTP (Revisionary Test Paper) for May 2017 examination for Paper No. 2, Business Law, Ethics and Communication [Intermediate (IPC) Course Level] hosted on the BoS Knowledge Portal.

Corrigendum

Intermediate (IPC) Course (Group I) Paper 4 – Taxation Part I: Income-tax

In the printed copy of the Revision Test Papers May, 2017, students may note the following corrections:

Page No.	Suggested correction
142	In Question No. 3, Point no. (ix), read the words "for three children – ₹ 3200 each" as "for two children - ₹ 9600".
144	In Question No. 9, ignore the words "of A.Y. 2016-17" appearing after sentence "the Loss from toys business".

Note: The above suggested corrections have been carried out in the webhosted copy of the Revision Test Paper, May 2017 on the Institute's website.

BoS Programmes for Students

The attention of the students is invited to various Students Seminars/Activities conducted by Board of Studies across the country through the Regional Councils and their Branches such as Half-Day/One-Day/Two-Days Seminar, Mock Tests, Webcasts, Special Counselling Programmes on How to Face CA Exams, Short Term Course/ Workshops on English Speaking, Writing Skills and Business Communication/GST/Ethical Values, etc.

Students are advised to whole-heartedly participate in these seminars/activities so as to update their knowledge on various contemporary topics, learn techniques for facing CA exams, motivate themselves and groom their personality.

I am happy to inform you that you will be getting Continuing Professional Education (CPE) hours for attending the above activities. For more details to participate in above activities, kindly get in touch with your nearest Regional Council / Branch or may write to us at bos@icai.in

Chairman, Board of Studies

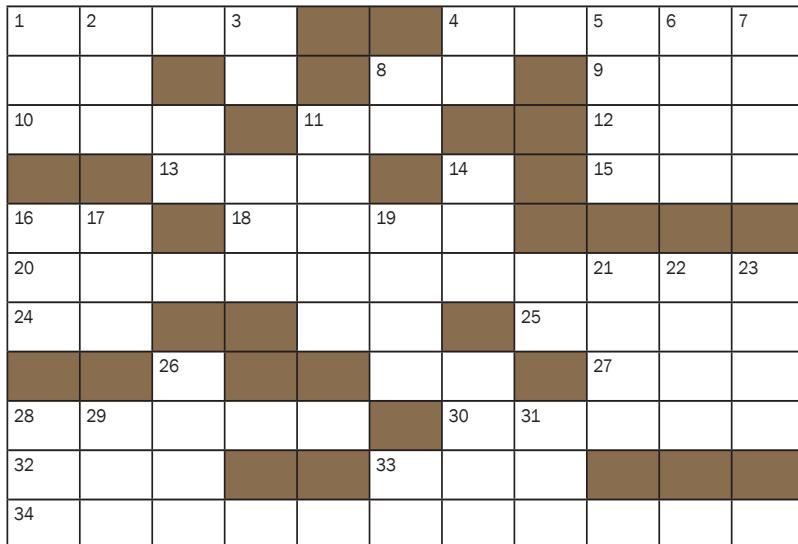
Kind Attention - Members, Academicians and other Stakeholders

Content development of various subjects of CA Course

Members, Academicians and other Stakeholders who are interested in developing the course contents of various subjects of the CA course - Financial Reporting, Audit, Direct Tax, Indirect Tax (GST and Custom), Finance, Economics for Finance, Corporate & Economic laws, Risk Management, Strategic Management, Business Commercial Knowledge, Management Accounting, may send their Bio Data and the subject of their expertise at cret@icai.in We also require resource persons for developing Case Studies in above mentioned subjects. Suitable honorarium will be paid subject to nature of work contributed.

Chairman, Board of Studies

CROSSWORD - APRIL 2017



ACROSS

1. With effect from 01.06.2017, tax @2% to be deducted at source in case of a payee, being a person engaged only in the business of _____ Centre.
4. Protection against current or anticipated risk exposure, usually through the purchase of a derivative.
8. Roman numeral for 99.
9. To _____ is human.
10. _____ Act, 2005 mandates timely response to citizen requests for government information.
11. Roman numeral for 105.
12. Swamp
13. A form of corporate self-regulation integrated into a business model.
15. Binary System uses the power of _____.
18. Standard
20. Person engaged in any profession, trade or other commercial activities.
24. A student of ICAI is required to do two trainings on _____.
25. An Indian government owned development bank to cater to the long-term finance needs of the industrial sector.
27. Receptacle
28. Put in shape
30. Separate
32. Decline

33. An independent, non-governmental international organization with a membership of 164 national standards bodies.
34. The improper doing of an Act which a person might lawfully do _____.

DOWN

1. A certain percentage of the total bank deposits has to be kept in the current account with RBI.
2. A key in the key board.
3. Fifty five in Roman numeral.
5. A liability or obligation in respect of a claim which is due from any person.
6. Age
7. Therefore
8. Four in Roman numeral.
11. A term describing an economy in which success in business depends on close relationships between business people and government officials: _____ capitalism
14. A software application for the administration, documentation, tracking, reporting and delivery of educational courses or training programs.
16. Lender of last resort in India.
17. A _____ option is a stock market device which gives its owner the right, but not the obligation, to sell an asset (the underlying), at a

specified price, by a predetermined date to a given party.

19. The rate at which the Reserve Bank of India in case of India lends money to commercial banks in the event of any shortfall of funds.
21. A feature of some newer networks and phones that enables interoperability between phones and networks that are designed for overlapping frequency band definitions.
22. _____ test ratio also known as quick ratio.
23. Total no. of pins in serial Port.
26. Deprives
28. Precious stone.
29. Bankers' bank in India.
31. A style of software design where services are provided to the other components by application components, through a communication protocol over a network.

If undelivered, please return to: The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110104