

**NEWSLETTER FOR THE MONTH OF AUGUST 2014 (RELEASE DATE: AUG 13, 2014)**

**IMPORTANT UPDATES IN MVAT AND CST**

1. Cir 12T of 2014 dt Apr 17, 2014: Contains replies to certain queries raised in respect of computation of tax liability of developers.
2. Cir 13T of 2014 dt Aug 2, 2014: Concession in late fee u/s 20(6).

If the dealer has not filed any return for periods upto Feb 2014 and which are due on or before Apr 1, 2014, then if flowing conditions are satisfied, late fee of Rs 1000 per return only would be applicable:

- a. Such returns are filed on or before Sept 30, 2014, and
  - b. Applicable tax along with interest is paid upto Sept 30, 2014.
3. Cir 14T of 2014 dt Aug 6, 2014: Prescribes for Computerised Desk Audit (CDA) for financial year 2011-12.
  4. Noti No VAT 1514/ CR 30/ Taxation 1 dated June 23, 2014: Border check post draft rules. There were supposed to be implemented from July 25, 2014. However, it is learnt that these are temporarily kept on hold.
  5. Noti No VAT 1514/ CR 46/ Taxation 1 dated July 11, 2014:

Certain schedule entries inserted/ amended wef August 1, 2014:

Particulars	Sch entry Ref	Tax rate	Remarks, if any
Aircraft spare parts as may be notified	A-2A	Nil	New entry inserted.
Roasted gram and dalwa	A-39(b)	Nil	It is now included in existing schedule entry. Earlier, it was included in C-83.
<b>Cotton, that is to say, all kinds of cotton (indigenous or imported) in its unmanufactured state, whether ginned or unginned, baled, pressed or otherwise excluding cotton waste.</b>	<b>C-25(a)</b>	<b>2%</b>	<b>Rate of tax reduced to bring in line with rate on cotton yarn.</b>
Cotton waste	C-25(b)	5%	Rate on cotton waste is unchanged.
Capital goods and parts and components thereof, as may be notified.	C-107(2A)	5%	Sub entry added.



## 6. AMENDMENTS AFTER PASSING OF STATE BUDGET

### Important updates in MVAT and CST

**Except where mentioned, all amendments are effective from June 26, 2014 (being the date of passage of state budget)**

- i. **Turnover limit for registration:** Wef June 26, 2014, Sec 3 amended. Increased the turnover limit of registration of a dealer from Rs. 5,00,000 to Rs. 10,00,000 other than importer. Limit of Rs 1 lac for importer is unchanged.

If TO of any dealer crossed Rs 5 lacs before June 26, then he is liable for registration and he shall be eligible for cancellation in FY 15-16 if his TO is less than Rs 10 lacs in FY 14-15.

- ii. **Cancellation of registration:** Clause (c) added to Sec 16 (6) wef June 26, 2014- The registered dealer other than importer, whose TO of sales has during the year 2013-14 not exceeded the limit specified in Sec 3(4) (ie Rs 10 lacs) may apply for cancellation on or before Sept 30, 2014 and his RC would be cancelled wef Oct 1, 2014.

- iii. **Late fees:** Wef July 1, 2014, Sec 20 (6) is being amended to reduce late fees from Rs. 5,000/- to Rs. 2,000/- , if the return is filed within 30 days from the due date for filing of return.

To be on the safer side, due date should be considered without grace period of 10 days. Also, 30 days should not be construed as one month.

- iv. **Assessment:** Wef June 26, 2014, sub section (9) of Sec 23 is deleted. Prior to the amendment in case of pending assessment proceedings, dealer could apply in Form 305 (Rule 22) to Commissioner for issuing directions to guide assessing authority to complete assessment.

- v. **Assessment:** Wef June 26, 2014, proviso to sub-sec (10) of Sec 23 has been added which states that if a dealer is required to file more than one return in different forms prescribed, then such dealer may be assessed separately for each such return.

- vi. **Assessment:** Wef June 26, 2014, sub-sec (11) to Sec 23 is amended.

As per existing provision, dealer may apply in Form 316 for cancellation of ex-parte assessment order. But there was no time limit for its cancellation. Now, the authority shall cancel such order within 3 months from the end of the month in which such application is made, else such order shall be deemed as cancelled.

- vii. **Appeals:** Wef June 26, 2014, a proviso inserted in sub-sec (6) of Sec 26.

Where in assessment, demand is on account of non-production of statutory forms and where appeal is filed after 2 years from end of relevant year, then stay shall not be granted unless the appellant makes 100% payment of tax as part payment.

Where such appeal is filed before expiry of 2 years, the stay shall stand vacated if appellant fails to produce declarations before expiry of 2 years.

The above amendment is applicable for appeals filed on or after July 1, 2014.



If demand is on account of multiple reasons, condition of payment of 100% tax is applicable to liability arising out of non-production of declaration forms only.

viii. Penalty: Wef June 26, 2014, sub-sec (3) of Sec 29 is amended.

As per existing provisions, for concealment of tax is noticed by Commissioner or brought to his notice, then he may, after giving dealer an opportunity of being heard, impose penalty upto a maximum of 100% of tax due. After amendment, lower limit of 25% is also prescribed.

Lower limit should be applicable if penalty is levied. However, as penalty is discretionary, it should be possible that penalty is not levied at all.

ix. Penalty: Wef June 26, 2014, sub-sec (7A) is inserted to sec 29. For the dealer who has late filed the return on or after 1<sup>st</sup> August 2012, and has paid the late fees, will be exempted from the penalty imposed if any under sub-sec (8) of this section.

x. Penalty: Wef June 26, 2014, sub-sec (11A) to sec 29 is inserted. Penalty u/s 29 may be imposed while passing an order under this Act notwithstanding 8 years of time limit provided u/s 29(11).

xi. Penalty: Wef June 26, 2014, Sec 29(12) deleted: Prior approval of DC or JC before levying penalty exceeding Rs 5 lacs or Rs 10 lacs, done away with.

xii. Additional interest: Sec 30(4) amended Wef June 26, 2014.

If additional tax liability arises due to non-production of declarations or certificates then additional interest shall not be payable.

If tax paid as per revised return is less than 10% of the aggregate amount of tax paid as per original returns in respect of corresponding period, then additional interest not applicable.

Tax paid as per original returns shall include tax paid as per revised return filed before commencement of proceedings u/s 30(4).

xiii. Tax collection at source: Wef June 26, 2014, Sec 31A amended.

Person who awards quarrying lease or quarrying permit in respect of minor minerals to a dealer, within their jurisdiction to collect an amount at the time of such award, as the case may be, auction at such rate as provided in sub-section (2) towards the liability of sales tax to be incurred on sale of minor minerals.

xiv. VAT audit: Wef June 26, 2014, Sec 61(1)(a) & (2) amended.

If the aggregate TO of sales and value of interstate stock transfers OR TO of purchases exceeds Rs 1 crore (earlier limit was Rs 60 lacs) in any year, then the dealer is required to get his books audited under VAT.

Sec 61(1)(b) is deleted and hence such TO limit also applies to dealers holding liquor license.

Now, relief from penalty, if audit report filed within 1 month from due date for beyond control reasons, is removed.



Earlier, value of interstate stock transfers were not included for the purpose of calculation of limit for audit. There would be problem of valuation of stock transfer.

xv. Intimation in Form 604 u/r 67(2) r/w Sec 63(7): Wef June 26, 2014:

During the course of any proceeding if it appears to commissioner that quantum of tax or setoff is varied, resulting in tax dues then issue of intimation in Form 604 is must.

xvi. Amendment in Schedule A-

Entry 26A is added to include Copyrights, for distribution and exhibition of cinematographic films in theatres and Cinema halls, sold during the period commencing from April 1, 2005 and ending on April 30, 2011.

What about the dealers who have already paid the taxes when there was an anomaly about its taxation. Doctrine of unjust enrichment.

xvii. Amendment in Schedule C-

Entry 55A is inserted to include Tool, alloy and special steels of any of the categories, specified in clause (x) to clause (xv) of entry 55, sold during the period commencing from April 1, 2005 and ending on April 30, 2011 - VAT 4%.

Entry 55B is inserted to include above goods, sold on or after May 1, 2011 - VAT 5%.

This amendment is brought to remove the anomaly created due to judgment in case of Bansal Wire:

Cir 11T of 2014: Effect of SC judgement in case Bansal Wire Industries – Stainless Steel wire (SS wire) cannot be covered in Sch entry no C-55 of MVAT Act and therefore tax rate on SS wire wef Apr 26, 2011 can be 12.5% retrospectively. The matter is referred to Government for taxation of earlier periods also.

#### **IMPORTANT UPDATES IN STAMP ACT, PURCHASE TAX ON SUGARCANE ACT, PROFESSION TAX ACT AND LUXURY tax:**

- i. **WEF July 1, 2014, The Maharashtra Stamp Act** is amended to fix max. limit of Stamp duty to Rs. 10 Lacs on agreement relating to deposit of title of deeds, pawn, pledge or hypothecation as security for repayment of debt. Regular stamp duty remains same as Rs 2 for every Rs 1000 or part thereof for the amount secured.
- ii. The Maharashtra **Purchase Tax on Sugarcane Act** is amended to empower the authorities under the Act to exercise the powers under MVAT Act relating to recovery of tax as arrears of land revenue.

It further empowers the State Govt. to issue notification regarding exemption of tax for the year 2013-14 to help sugar factories to give fair prices to farmers.

- iii. Wef June 26, 2014, Sec 6(3) is added to The **Maharashtra State Tax on Professions, Trade, Callings and Employment Act** to empower the State Govt. to issue notification regarding exemption from payment of late fees.

Wef June 26, 2014, Sec 27A(e) substituted to exempt person with Intellectual and Development Disabilities from payment of profession tax. This is in addition to exemption to parent or guardian of such person.



Wef July 1, 2014, Entry 1 of Schedule I amended. Basic exemption limit raised from Rs 5,000 to Rs 7,500. Revised schedule is as under:

<b>Salary and wage per month</b>	<b>Profession tax per month (Rs)</b>
Do not exceed Rs 7,500	Nil
Exceed Rs 7,500 upto Rs 10,000	175
Exceed Rs 10,000	200 (Rs 300 for Feb)

Whether this amendment is applicable for salary paid after July 1, 2014 or salary for the month starting on or after July 1, 2014? According to me, for the month starting on or after July 1, 2014.

**iv. Levy of Luxury tax: Wef July 1, 2014, Sec 3(2) amended:**

Basic exemption limit raised from Rs 750 to Rs 1,000 and slab starting from Rs 1,000 raised to Rs 1,500. Revised slabs are as under:

<b>Charges for luxury provided in a hotel per day per accomodation</b>	<b>Luxury tax</b>
Do not exceed Rs 1,000	Nil
Exceed Rs 1,000 upto Rs 1,500	4 %
Exceed Rs 1,500	10 %

Definition and levy: Wef June 26, 2014, Sec 2, 22A and 22B:

It now includes Tourism Policy 2006 in the Act.

Exempts the hotels to whom Eligibility Certificate have been issued in B and C Zones under Tourism Policy 2006. It further provides in case of expansion of unit, exemption would be proportionate to the expansion.

7. Chhattisgarh High Court in writ petition no 95 of 2013 decided that levy of service tax on service portion in case of sale of food etc is not unconstitutional. It advised state governments to provide for bifurcation for levying VAT on sales portion to avoid double taxation.

**INCOME TAX:**

1. Bombay HC also now stayed provisions of Sec 234E under IT Act in a writ petition no 771 of 2014. The stay order is dated Apr 28, 2014 and it is applicable till June 17, 2014.
2. CBDT released utility for filing ITR 2 (For Individuals & HUFs not having Income from business or profession) on Saturday, May 17, 2014. It has already issued utilities for ITR 1 (SAHAJ – For Individuals having Income from salary & interest) and ITR 4S (Sugam - For Individuals/HUF having income from presumptive business). It is indeed ironical that other utilities not yet released, although all were expected latest by April 1, 2014.
3. ITR 4 utility released on June 22, 2014. ITR 5 utility released on June 27, 2014.
4. Utility for filing of tax audit reports for FY 2013-14 released on May 21, 2014. There are no major changes.



5. PAN application form revised from Form 49A to Form 49AA wef May 16, 2014. Option to get either father's or mother's name printed on PAN card incorporated.
6. For income tax e-filing, separate mobile nos and e-mail addresses would be required. One mobile no or e-mail address can be used in maximum 4 cases, subsequently increased to 10 cases.

7. **IMPORTANT BUDGET AMENDMENTS UNDER INCOME-TAX:**

➤ **Finance Bill 2014 received assent of President on August 6, 2014.**

- Personal Income-tax exemption limit raised by Rs. 50,000/- that is, from Rs. 2 lakh to Rs. 2.5 lakh in the case of individual taxpayers, below the age of 60 years.
- Exemption limit raised from Rs. 2.5 lakh to Rs. 3 lakh in the case of senior citizens.
- No change in exemption limit of super senior citizens.
- No change in the rate of surcharge either for the corporates or the individuals, HUFs, firms etc.
- The education cess to continue at 3 percent.
- Investment limit under section 80C of the Income-tax Act raised from Rs.1 lakh to Rs.1.5 lakh.
- Annual PPF ceiling to be enhanced to Rs 1.5 lakh, from Rs 1 lakh. (However, necessary amendment in PPF also required, which is not yet come)

➤ **Extension of tax benefits under section 80CCD to private sector employees**

Condition of date of joining of on or after Jan 1, 2004 was applicable to both Central Government and Other employees. Such condition is now removed for Other employees.

- Deduction limit on account of interest on loan in respect of self-occupied house property raised from Rs. 1.5 lakh to Rs. 2 lakh.
- Conducive tax regime to Infrastructure Investment Trusts and Real Estate Investment
- Trusts to be set up in accordance with regulations of the Securities and Exchange Board of India.
- **Sec 32AC:** Investment allowance at the rate of 15 percent to a manufacturing **Company** that invests more than Rs. 25 crores in any year in new plant and machinery. The benefit to be available for three years i.e. for investments upto 31.03.2017. This allowance is available only for Companies.
- **Sec 35AD:** Investment linked deduction extended to two new sectors, namely, slurry pipelines for the transportation of iron ore, and semi-conductor wafer fabrication manufacturing units.
- **Sec 80IA:** 10 year tax holiday extended to the undertakings which begin generation, distribution and transmission of power by 31.03.2017.



- **Sec 112:** To remove tax arbitrage, rate of tax on long term capital gains increased from 10 percent to 20 percent on transfer of units of Mutual Funds, other than equity oriented funds.
- **Sec 40(a)(ia):** In case of non-deduction of tax on payments, 30% of such payments will be disallowed instead of 100 percent. Also, disallowance under section 40(a)(ia) of the Act shall extend to all expenditure on which tax is deductible under Chapter XVII- B of the Act. For eg, salary expenditure shall also be disallowed if applicable TDS not deducted and paid. This amendment is applicable for AY 2015-16 onwards.
- **Sec 2(42A):** Period of holding for non listed shares and non equity oriented mutual funds increased from 12 months to 36 months. This amendment is applicable from July 11, 2014.

➤ **Resident applicants can obtain an advance ruling**

From October 1, 2014, a resident applicant can also make an application to the Authority for Advance Rulings (AAR) in relation to a tax liability arising out of transactions undertaken or proposed to be undertaken.

The Central Government shall notify the resident applicant who would be eligible for obtaining a ruling from the AAR.

➤ **CBDT empowered to relax the fees applicable to TDS defaults**

The Income Tax Act provides for levy of a fee of INR 200 for each day's delay in filing the quarterly statement/return of Tax Deducted at Source (TDS) or Tax Collected at Source (TCS).

Considering the inconvenience caused to the taxpayers as well as the number of litigations invited by the said levy, the Bill has brought in an amendment empowering the Central Board of Direct Taxes (CBDT) to relax the fees applicable for defaults in furnishing TDS/TCS payments.

➤ **Taxability of advance for transfer of a capital asset**

In order to avoid double taxation, Section 51 is amended to provide that where any sum of money received as an advance or otherwise in the course of negotiations for transfer of a capital asset, has been included in the total income of the assessee for any previous year, in accordance with the provisions of clause (ix) of sub-section (2) of section 56, such amount shall not be deducted from the cost for which the asset was acquired or the written down value or the fair market value, as the case may be, in computing the cost of acquisition.

➤ **Corporate Social Responsibility (CSR)**

Under the Companies Act, 2013 certain companies (which have net worth of Rs.500 crore or more, or turnover of Rs.1000 crore or more, or a net profit of Rs.5 crore or more during any financial year) are required to spend certain percentage of their profit on activities relating to Corporate Social Responsibility (CSR). Under the existing provisions of the Act expenditure incurred wholly and exclusively for the purposes of the business is only allowed as a deduction for computing taxable business income.



**Any expenditure incurred by an assessee on the activities relating to corporate social responsibility shall not be allowed as deduction under section 37 but will be allowed provided the expenses are of the nature described in section 30 to section 36 of the Act**

➤ **Tax Deduction at Source**

In order to align the time limit provided under section 201(3)(ii) and section 148 of the Act, it is proposed that time limit provided under section 201(3)(ii) of the Act for passing order under section 201(1) of the Act shall be extended by one more year. i.e total Seven Years(6+1).

➤ **Sec 44AE: Business of Plying, Hiring or Leasing Goods Carriages**

Distinction between heavy goods vehicles and Light Goods Vehicles removed. Now uniform presumptive income would be taxable @ Rs 7500 for every month (or part of a month) during which the goods carriage is owned by the taxpayer.

➤ **Income Computation and Disclosure Standards**

Section 145 of the Act provides that the method of accounting for computation of income under the heads "Profits and gains of business or profession" and "Income from other sources" can either be the cash or mercantile system of accounting. The Finance Act, 1995 empowered the Central Government to notify Accounting Standards (AS) for any class of assesseees or for any class of income. Since the introduction of these provisions, only two Accounting Standards relating to disclosure of accounting policies and disclosure of prior period and extraordinary items and changes in accounting policies have been notified.

After the amendment, the words accounting standard has been replaced with 'income computation and disclosure standards'. **It is provided that the Central Government may notify in the Official Gazette from time to time income computation and disclosure standards to be followed by any class of or in respect of any class of income**

➤ **Capital gains arising from transfer of an asset by way of compulsory acquisition**

The existing provisions contained in section 45 provide for charging of any profits or gains arising from transfer of a capital asset. Sub-section (5) of the said section provides for dealing with capital gains arising from transfer by way of compulsory acquisition where the compensation is enhanced or further enhanced by the court, Tribunal or any other authority.

Clause (b) of the said sub-section provides that where the amount of compensation is enhanced or further enhanced by the court it shall be deemed to be the income chargeable of the previous year in which such amount is received by the assessee.

There is uncertainty about the year in which the amount of compensation received in pursuance of an interim order of the court is to be charged to tax, due to court orders.

Accordingly, it is proposed to provide that the amount of compensation received in pursuance of an interim order of the court, Tribunal or other authority **shall be deemed to be income chargeable** under the head 'Capital gains' in the previous year **in which**





**the final order of such court, Tribunal or other authority is made.** This amendment will take effect from assessment year 2015- 16.

➤ **Sec 133A: Power of survey**

**Custody of books and documents may be retained without approval for 15 days (as against earlier 10 days).**

**Power of survey extended for verifying TDS and TCS compliances.**

➤ **Inquiry by prescribed income-tax authority**

With a view to enable prescribed income-tax authority to verify the information in its possession relating to any person, it is proposed to insert a new section 133C in the Act so as to provide that for the purposes of verification of information in its possession relating to any person, prescribed income-tax authority, may, issue a notice to such person requiring him, on or before a date to be therein specified, to furnish information or documents, verified in the manner specified therein which may be useful for, or relevant to, any enquiry or proceeding under this Act.

This amendment will take effect from 1st October, 2014.

➤ **Interest payable by the assessee under section 220**

The existing provision contained in sub-section (1) of section 220 provides that any amount specified as payable in a notice of demand under section 156 shall be paid within thirty days of the service of notice at the place and to the person mentioned in the notice. Sub-section (2) states that if the amount specified in the notice is not paid within the period, the assessee shall be liable to pay simple interest at one per cent for every month or part of a month comprised in the period commencing from the day immediately following the end of the period mentioned in sub-section (1) and ending with the day on which the amount is paid.

➤ **Mode of acceptance or repayment of loans and deposits**

Payment by electronic clearing system through a bank account allowed in addition to existing account payee cheques or bank drafts.

This is applicable from AY 15-16. Does it mean that for earlier years, this was not allowed?

➤ **Failure to produce accounts and documents**

Sec 276D: If a person willfully fails to produce accounts and documents as required in any notice issued under sub-section (1) of section 142 or willfully fails to comply with a direction issued to him under sub-section (2A) of section 142, he shall be punishable with rigorous imprisonment for a term which may extend to one year **and** with fine. **Hence it is now a non compoundable offence.**

This amendment will take effect from 1st October, 2014.

➤ **Obligation to furnish statement of Information**

With a view to facilitate effective exchange of information in respect of residents and nonresidents, **section 285BA is amended to provide for furnishing of statement by a**



**prescribed reporting financial institution in respect of a specified financial transaction or reportable account to the prescribed income tax authority. It is further proposed that the statement of information shall be furnished within such time, in the form and manner as may be prescribed.**

It is further proposed to provide that where any person, who has furnished a statement of information under sub-section (1), or in pursuance of a notice issued under sub-section (5), comes to know or **discovers any inaccuracy in the information provided in the statement, then, he shall, within a period of ten days**, inform the income-tax authority or other authority or agency referred to in sub-section (1) the inaccuracy in such statement and furnish the correct information in the manner as may be prescribed.

Penalty of Rs 50,000 introduced new section 271FAA for non-compliance.

These amendments will take effect from 1st April, 2015.

➤ **Sec 194DA: Tax deduction at source from non-exempt payments made under life insurance policy @ 2% if payment exceeds Rs 1 lac.**

➤ **Cancellation of registration of the trust or institution in certain cases**

The existing provisions of section 12AA of the Act provide that the registration once granted to a trust or institution shall remain in force till it is cancelled by the Commissioner. The Commissioner can cancel the registration under two circumstances:

- (a) the activities of a trust or institution are not genuine, or;
- (b) the activities are not being carried out in accordance with the objects of the trust or institution.

In order to rationalise the provisions relating to cancellation of registration of a trust, section 12AA of the Act is amended to provide that where a trust or an institution has been granted registration, and subsequently it is noticed that its activities are being carried out in such a manner that,—

- (i) its income does not enure for the benefit of general Public;
- (ii) it is for benefit of any particular religious community or caste (in case it is established after commencement of the Act);
- (iii) any income or property of the trust is applied for benefit of specified persons like author of trust, trustees etc.; or
- (iv) its funds are invested in prohibited modes,

then the Principal Commissioner or the Commissioner may cancel the registration if such trust or institution does not prove that there was a reasonable cause for the activities to be carried out in the above manner.

This amendment will take effect from 1st October, 2014.

➤ **Applicability to earlier years of the registration granted to a trust or institution**

The existing provisions of section 12 A of the Act provide that a trust or an institution can claim exemption under sections 11 and 12 only after registration under section 12AA has been granted. In case of trusts or institutions which apply for registration after 1<sup>st</sup> June, 2007, the registration shall be effective only prospectively.



Non-application of registration for the period prior to the year of registration causes genuine hardship to charitable organisations. Due to absence of registration, tax liability gets attached even though they may otherwise be eligible for exemption and fulfill other substantive conditions. The power of condonation of delay in seeking registration is not available under the section.

In order to provide relief to such trusts and remove hardship in genuine cases, it is proposed to amend section 12 A of the Act to provide that in case where a trust or institution has been granted registration under section 12AA of the Act, the benefit of sections 11 and 12 shall be available in respect of any income derived from property held under trust in any assessment proceeding for an earlier assessment year which is pending before the Assessing Officer as on the date of such registration, if the objects and activities of such trust or institution in the relevant earlier assessment year are the same as those on the basis of which such registration has been granted.

Further, it is proposed that no action for reopening of an assessment under section 147 shall be taken by the Assessing Officer in the case of such trust or institution for any assessment year preceding the first assessment year for which the registration applies, merely for the reason that such trust or institution has not obtained the registration under section 12AA for the said assessment year.

However, the above benefits would not be available in case of any trust or institution which at any time had applied for registration and the same was refused under section 12AA or a registration once granted was cancelled.

These amendments will take effect from 1<sup>st</sup> October, 2014.

#### **SERVICE TAX AND CENTRAL EXCISE DUTY:**

Important Indirect-tax Budget 2014 amendments:

1. Interest rates: Interest rates on delayed payment of service tax increased (up to 30%) (effective 1 October 2014):
  - Delay up to 6 months: 18%
  - Delay of 6 months to 1 year: 18% for first six months and 24% beyond 6 months
  - Delay of more than 1 year: 18% for first six months, 24% for six months and 30% for the period of delay beyond 1 year
2. Cenvat credit: Cenvat credit on inputs and input services should be availed within a period of six months from the date of issuance of invoice, bill, challan etc. (effective 1 September 2014)
3. Reverse charge: Point of taxation for service tax to be deposited on reverse charge mechanism to be payment date or the first day after a period of three months from the date of invoice, whichever is earlier (effective 1 October 2014)
4. Pre-deposit: Mandatory 7.5% pre-deposit of duty demanded/ penalty imposed or both for filing before the Commissioner (Appeals) or Tribunal (first stage) and 10% duty demanded/ penalty imposed or both for filing Tribunal (second stage). Pre-deposit subject to a ceiling of Rs. 10 crore (effective from the date when the Finance Act 2014 becomes effective)



5. Appeal: Appeal against Tribunal orders on issues involving taxability, excisability to lie directly before the Supreme Court, in addition to the appeals on involving rate and value related disputes (effective from the date when the Finance Act 2014 becomes effective)

**6. Among others, following service has been exempted from levy:**

Services by GTA for transportation of organic manure by vessel, rail or road (by GTA) and Loading, unloading, packing, storage or warehousing, transport by vessel, rail or road (GTA), of cotton, ginned or baled.

**7. Following services have been added within the ambit of service tax:**

- Online and mobile advertising (sale of space for advertisements in print media will remain exempt).
- Services by radio taxis (whether air-conditioned or not)
- Transportation of passengers by air- conditioned contract carriages
- Technical testing of newly developed drugs on human participants
- Renting of immovable property service received by educational institutions

8. **Service** provided by a Director to a body corporate and services provided by Recovery Agents to Banks, Financial Institutions and NBFC will be liable under Reverse Charge Mechanism

**COMPANIES ACT:**

1. Wef Apr 1, 2014, the registered address must be printed in all business letters, billheads, letter papers and in all notices and other official publications of the Company. The registered office must be capable of receiving and acknowledging communications and notices **at all times**.
2. The company must either own the premises where it has its registered address or it must have a lease/ rental agreement with the owner/ authorized occupant of the premises and the owner/ authorized occupant must have given consent in writing to the company to use the premises as its registered office.

**OTHERS:**

1. Important principles on distinction between “contract for sale of goods” and “works contract” explained  
A Constitutional Bench of 5 Judges of the Supreme Court had to consider whether the law laid down by a three-Judge Bench in State of A.P. v. Kone Elevators (India) Ltd (2005) 3 SCC 389 that a contract for manufacture, supply and installation of lifts in a building is a “contract for sale of goods” and not a “works contract” is correct or not. HELD by the Constitution Bench that it is a works contract over-ruling the three-Judge Bench judgement.

*Disclaimer:*

*All efforts have been made to ensure completeness of data. However, readers are advised to confirm from their own sources also. Further, interpretations given above are our personal opinions at M/s Umesh Agrawal and Associates. We are not responsible for any loss arising due to the above information.*

