

The Important Changes in Central Excise and Service Tax in Union Budget 2016-17

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- A. CENVAT credit Rules :** [changes vide Notification No. 13/2016-C.E.(N.T.) dated 1.3.2016, effective from 1st day of April, 2016]
- The 'Capital goods', as defined under rule 2(a), having value up to Rs. 10,000=00 per piece are defined as 'Input' and allowed full credit during the year of its receipt only vide rule 2(k)(v) of CCR, 2004.
 - The period of permission for removal of final goods from the premises of job worker to customer directly is increased, 1 year to 3 years vide rule 4(6) of CCR, 2004
 - Input service distributors i.e office of the manufacturer or service provider is permitted to distribute credit to outsource manufacturer or job worker also on pro rata on the basis of turnover of such unit during the relevant period- amended Rule 7.
- B. CENTRAL EXCISE RULES 2002 :** changes vide Notification No. 8/20016 C.E. (N.T.) dated 1.3.2016
- manufacturer id permitted to Revise their ER-1 return and ER-2 Return** by end of the calendar month in which the original return is filed(Refer rule12(8)a and 17(7) .
(Changes Effective from 1st April, 2016)
 - Penalty on person under rule 26 is not imposible simultaneously when the penalty under section 11AC is imposed on the company under rule 25 read with section 11AC, the)
(Changes Effective from 1st March, 2016)
 - The ER-5 & ER-6 returns, which were required to be filed yearly & monthly respectively in terms of Rule 9A(1) & 9A(2) of CCR, 2004 related to input - out put ratio and consumption are discontinued to be filed effective from 1st April, 2016 and in place of which a single "Annual return" for each Financial Year shall be filed by 30th Nov. of the succeeding year.
The conditions as applicable in the case of 'Annual return' in form ER-4 are applicable in the

case of said Annual return of Input also, i.e. the assessee who has paid duty more than Rs. 1.0 Cr. from CENVAT & PLA during the preceding Financial year may be liable to file said Annual return in terms of Notification No. 42/2008 CE (NT) dtd. 29/09/2008.

In case the return is filed delayed beyond the due date, the penalty is specified Rs. 100/- per day subject to a maximum of Rs. 20,000/- under rule 12(6) of CCR, 2004. Format of said annual return is awaited.

- The return in form ER-7, which was required to be filed under rule 12(2A)(a) of CCR, 2004 relating to 'Annual capacity of manufacturer' is discontinued to be filed effective from 1st April, 2016.
- A new 'Annual Return' under rule 9A(1) relating to principal input is proposed in the case of service provider , which is to be filed by 30th day of November of each financial year in respect of previous year.

Penalties and other provisions as applicable in the case of annual return under rule 12 of CER, 2002 are applicable mutatis mutandis for said annual returns. This return is in addition to half yearly return being filed in ST-3. Form of return to be published.

(Notification No. 13/2016-C.E.(N.T.) dated 1.3.2016 w.e.f. 1st day of April, 2016)

6. New Levy:

6.1 Infrastructure Cess: levied on motor cars and other motor cars, station wagons falling under chapter no. 8703. As,

- 1% On Petrol, LPG & CNG driven vehicle having length upto 4 meter and engine capacity 1200CC.
- 2.5% Diesel driven motor vehicle having length upto 4 meter and engine capacity 1500CC.
- 4% All categories of motor vehicles other than above and 3 wheeled, electrically operated, hybrid, hydrogen, taxi, physically