केन्द्रीय उत्पाद शुल्क, सीमा शुल्क एवं सेवा कर आयुक्त का कार्यालय
OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE, CUSTOMS & SERVICE TAX
केन्द्रीय राजस्व भवन, आई.एस.प्रेस रोड, कोचिन -682018
C.R.BUILDING, I.S.PRESS ROAD, COCHIN-682018

प.सं.C. No. IV/16/08/2014-ST Pt.I

दिनांक/Date: 06.04.2016

केन्द्रीय उत्पाद शुल्क, सीमा शुल्क एवं सेवा कर
आयुक्त कार्यालय, कोचिन-18
कोचिन/आयुक्तालय
12 APR 2016
Office of the commissioner of
Customs & Service Tax, Cochin - 18
Cochin Commissionerate

व्यापार सूचना सं./ TRADE NOTICE NO.: 02/2016

Subject: Measures taken for improving ease of doing business - regarding.

Directorate General of Taxpayer Services, New Delhi has communicated a compilation of the measures taken by the Ministry during the recent past for enabling Make in India initiative and improving ease of doing business in Central Excise, Service Tax and Customs as follows:

Tariff Measures:

1. The underlying theme of the Budget 2014-15 and 2015-16 indirect tax proposals was job creation through revival of growth and investment and promotion of domestic manufacturing and "Make in India"; Minimum government and maximum governance to improve the ease of doing business; improving the quality of life and public health through Swachh Bharat initiatives; and stand alone proposals to maximize benefits to the economy.

2. In order to achieve the objective of job creation through revival of growth and investment and promotion of domestic manufacturing, and 'Make in India', the following measures were taken:

- Customs duty on certain inputs was reduced to address the problem of duty inversion.
- Customs duty was also reduced in certain cases so as to reduce the cost of raw materials required for further manufacture and thereby induce domestic value addition.
- The Special Additional Duty of 4%, which is levied on imported goods to counter-balance the local taxes levied by States (other than Excise Duty), was reduced/exempted on certain imported raw materials/inputs so as to address the problem of input tax credit accumulation. For example, all goods except populated PCBs, falling under any Chapter of the Customs Tariff, for use in manufacture of ITA bound goods was fully exempted from 4% SAD.
- Basic Customs Duty was increased on metallurgical coke from 2.5% to 5% and on commercial vehicles from 10% to 20%.
- Excise Duty was exempted on inputs required for manufacture of pacemakers, cast components of wind operated electricity generators and Solar PV ribbon for manufacture of Solar PV cells. Also Excise Duty was reduced on certain inputs required for manufacture of integrated circuit (IC) modules for smart cards and LED drivers and MCPCB for LED lights, fixtures and LED lamps.
- Basic Customs Duty on specified steel goods was increased to 10% / 12.5%.
- Anti-dumping duty and safeguard duty was imposed on specified goods.
- Basic Customs Duty and Excise Duty was exempted on specified bunker fuels for use in Indian Flag vessels for carrying export-import (EXIM) containers, empty containers and domestic containerized cargo.

- Excise Duty was exempted of RBD Palm Stearin, Methanol and Sodium Methoxide for use in the manufacture of specified biodiesel for a period upto 31.03.2016.

3. In order to protect the interest of domestic farmers, the following measures were taken:
   - Basic Customs duty was increased on sugar from 15% to 25% which was later increased to 40%.
   - Excise Duty was exempted on ethanol produced from molasses generated from cane crushed in the sugar season 2015-16 i.e. 1st October, 2015 onwards, for supply to the public sector oil marketing companies, namely, Indian Oil Corporation Ltd., Hindustan Petroleum Corporation Ltd. or Bharat Petroleum Corporation Ltd., for purposes of blending with petrol. Also, input tax credit was allowed to manufacture of such exempted ethanol.
   - Basic Customs Duty was increased on crude edible oils (of vegetable origin) from 7.5% to 12.5% and refined edible oils (of vegetable origin) from 15% to 20%.
   - Basic Customs Duty was increased on ghee, butter and butter oil from 30% to 40% for a period upto and inclusive of the 31st day of March, 2016.
   - Basic Customs Duty of 10% was imposed on wheat which was later increased to 25% for a period upto 31.03.2016.

4. The objective of improving the quality of life and public health through Swachh Bharat initiatives was achieved by the following measures:
   - Clean Energy Cess levied on coal, lignite and peat was increased from Rs.100 per tonne to Rs.200 per tone.
   - Concessional Customs and Excise Duty rates on specified parts of Electrically Operated Vehicles and Hybrid Vehicles, available upto 31.03.2015, was extended upto 31.03.2016.
   - Excise Duty on sacks and bags of polymers of ethylene other than for industrial use was increased from 12% to 15%.
   - An enabling provision was made to empower the Central Government to impose a Swachh Bharat Cess on all or certain taxable services at a rate of 2% of the value of such taxable services. A cess of 0.5% was levied w.e.f 15.11.2015. The proceeds from this Cess would be utilized for Swachh bharat Initiatives.
   - Service provided by a common Effluent Treatment Plant operator for treatment of effluent was exempted.

5. In order to allocate additional resources to infrastructure, the effective rates of Additional Duty of Customs/Excise levied on Petrol and High Speed Diesel Oil [commonly known as Road Cess] have been increased from Rs.2 per litre to Rs.6 per litre.

Non-Tariff Measures

In order to achieve the objective of minimum government and maximum governance to improve the ease of doing business, the following measures have been taken:

1. **(a) Customs**

   I. **24x7 Customs Clearance:** Facility of online filling of documents for customs clearance is available through EDI system in 130 Indian Customs sites which includes 25 Seaports, 83 ICDs, 18 Airports and 4 Land Customs Stations. Of these 130 sites, 24x7 Customs clearance for specified imports, namely, goods covered under 'facilitated' Bills of Entry is made available at 19 Seaports and for specified exports of factory stuffed containers and goods exported under free shipping Bills is made available at 17 Airports. This will help in faster clearance of such imported and export goods, reduce dwell time and lower the transaction cost.

   II. **Single Window Project-Online message exchange:** Single Window provides a common platform to EXIM trade to meet requirements of all regulatory agencies (such as Animal

Quarantine, Plant Quarantine, Drug Controller, Textile Committee etc) through message exchange. It is basically a network of cooperating facilities bound by trust and set of agreed interface specifications in which trade has seamless access to regulatory services delivered through electronic means. Benefits of Single Window Scheme include ease of doing business, reduced costs, enhanced transparency, elimination of redundancy in documentation and reduced cost of compliance and optimal utilization of resources. In this direction, with effect from April, 2015, an electronic online message exchange facility has been established between Customs and the Food Safety and Standards Authority of India (FSSAI) and the Department of Plant Protection, Quarantine and Storage (PQIS) providing for real time seamless online exchange of information, including no objections, with/from these agencies. From February 2016 Animal Quarantine, Textile Committee, Drug Controller of India and Wildlife authorities at 5 Major locations namely, JNPT(Nhava Sheva), Air Cargo, Mumbai, ICD, Tughlakabad, ICD, Patparganj and Air Cargo, Delhi are also on board Single Window Project.

III. **Special Notified Zone for trading of rough diamonds:** Consequent to Hon'ble Prime Minister's announcement to make India into a hub for trading of rough diamonds, a 'Special Notified Zone' was operationalised at Bharat Diamond Bourse at Mumbai. The procedure envisages major diamond mining companies bringing in rough diamonds for display and/or auctions to be conducted within the Customs area and re-exporting the unsold consignments.

IV. **Adoption of Digital Signature:** Use of Digital Signature for ACP clients had been made mandatory w.e.f. 1st May, 2015 vide Circular No. 10/2015 dated 31.03.2015 which was implemented successfully, Again, vide Circular No. 26/2015 dated 23rd October, 2015, Digital Signature for all Importers, Exporters, Customs broker, shipping lines, airlines who are required to file any documents at Customs EDI systems has been made mandatory from 1st January, 2016, except for individual users. This has also been implemented all documents are now filed by the users with their DSC.

Customs would not insist on physical signing of documents wherever documents are filed with digital signatures. The reliance on digitally signed Customs process documents shall result in the reduction of submission of hard copies of bills of entry, shipping bills, import general manifests, exports general manifests and consol manifests.

V. **Reduction in mandatory documents for imports and exports:** To facilitate trade and to simplify procedures, number of mandatory documents have been reduced and only three mandatory export and import documents prescribed. However for import and export of special nature under preferential agreements etc., the requisite documents will be required to be submitted.

VI. **Setting Up of Customs Clearance Facilitation Committee (CCFC):** To ensure expeditious clearance and identifying and resolving bottlenecks in clearance of EXIM goods, a high level administrative committee i.e. 'Customs Clearance Facilitation Committee' (CCFC) has been put in place at every major Customs seaport and airport under the chairmanship of Chief Commissioner of Customs/Commissioner of Customs. This committee would include the senior-most functionary of the other government departments/agencies, such as the Food Safety Standards Authority of India/the Port Health Officer (PHO); the Plant Quarantine, Animal Quarantine Authorities; the Drug controller of India (CDSO); the Textile Committee; the Port Trust/the Airport Authority of India/Custodian; the Wildlife authorities; the Railways/CONCOR; the Pollution Control board. Members from trade can be co-opted to this Committee on need basis.

VII. **Mobile App for International Passengers:** A mobile app **"Indian Customs-Guide to Travellers"** has been developed by Customs. It contains a ready reckoner of the Customs baggage rules and entitlement of passengers. It contain 24x7 contact details of Customs officers of major Airports. The app presently available for free download on Google Play Store and will soon be available on other online stores.

(b) CENTRAL EXCISE AND SERVICE TAX

I. Reduction in number of levies: Education Cess and Secondary & Higher Education Cess on excisable goods/taxable services have been subsumed in Basic Excise Duty/Service Tax.

II. Registration in two days: Registration in Central Excise/Service Tax is to be granted within two working days. Verification is to be carried out after the grant of the registration.

III. Digital signature and preserving records in electronic form: The Central Excise and Service Tax assessees have been facilitated with the option to maintain records in electronic form and authenticate the same by digital signatures subject to conditions, safeguards and procedures prescribed by the Board vide Notification No. 18/2015-C.E.(N.T.) dated 6th July, 2015. Further, the assessees may exercise the option to issue invoices authenticated by digital signatures in terms of Rule 11 of Central Excise Rules, 2002, and Rule 4 (C) of the Service Tax Rules, 1994.

IV. Refund: To expedite payment of refund/rebate, a system of e-payment of refund/rebate directly to beneficiary's account by RTGS/NEFT through authorized banks has been implemented.

V. Time limit for taking CENVAT: Time limit for taking CENVAT credit of duty/tax paid on inputs and inputs services has been increased from six months to one year.

VI. Electronic payment of duty: The facility of electronic payment of duty has been extended to all the Central Excise/Service Tax assessees.

VII. Payment of arrears in instalments: Instructions have been issued to allow Chief Commissioners/ Commissioners to permit payment of arrears in instalments.

(c) CENTRAL EXCISE

Direct dispatch of goods: Facility of direct dispatch of goods by registered dealer from seller to customer's premises was allowed. Similar facility has also been allowed in respect of job-workers. Registered importer can also send goods directly to customer from the port of importation.

(d) SERVICE TAX

I. Simplification in procedure for availment of Cenvat Credit in certain cases: For availment of CENVAT credit of Service Tax paid under reverse charge mechanism, the condition of having made the payment of consideration to the service provider was done away with.

II. If the export proceeds are not received within the prescribed time period, the exporter has to reverse the Cenvat credit. Re-credit of such reversed Cenvat credit was allowed, if such export proceeds are received within one year from the specified period.

III. To bring certainty in the determination of point of taxation in case of reverse charge mechanism, it was provided that point of taxation will be the payment date or three months from the date of invoice, whichever is earlier.

IV. A scheme of fast track refunds of CENVAT credit to service exporters, for claims pending as on 31.03.2015 has been introduced with effect from 10.11.2015. Exporters will get a provisional payment of 80% of the refund amount within 5 days, subject to prescribed conditions.

2. Upgraded CBEC Website launched: The upgraded CBEC website is a one-stop shop for all the informational needs of the taxpayers and other stake-holders. It provides easy access to the acts, rules, regulations, notifications, circulars & instructions relating to indirect taxes. It also provides for a host of other facilities like feedback channel, social media connectivity, grievance handling facility, etc. It also provides duty calculator and compulsory compliance requirements pertaining to various allied Acts administered by Customs in relation to cross-border movement of goods.

3. Initiatives in the area of dispute resolution: A number of initiatives have been taken to enable effective and speedy dispute resolution and to facilitate the trade and industry. Some of the important initiative are:

- The threshold limits below which appeals are not to be filed by the department in CESTAT (Tribunal) and High Courts have been raised to Rs. 10 lakh and Rs. 15 lakh respectively.
- Withdrawal of cases in High Court and CESTAT where there is precedent Supreme Court decision, against which no review is contemplated.
- Zonal Chief Commissioners/Principal Commissioners have been directed to hold monthly/bi-monthly meetings with all the adjudicating/appellate authorities in his zone and advice/counsel them on how to pass good adjudication/appellate orders.
- Training Institute to impart intense training to train officers on the qualities of a good adjudication order, advocacy, interpretation of statue, etc.

4. Rationalisation of penal provision: Penalty provisions in Customs, Central Excise and Service Tax have been rationalized to encourage compliance and early dispute resolution.

5. Scope of Advance Ruling Scheme expanded: The ambit of the Advance Ruling Scheme has been enlarged by including 'resident firm' as an eligible class of persons.

6. Improved system of audit: The requirement of mandatory audit of units with prescribed periodicity based on duty payment has been done away with. Now the selection of units is being done based on scientific risk parameters which also takes into account past track record of the unit. Further, concept of integrated audit has been implemented covering all the three taxes-as against three separate audits being conducted earlier. Under the new system, only 30000 selected units are scheduled to be audited this year as against about 40000 units audited last year.

All the trade associations are requested to bring the contents of this Trade Notice to the attention of their members in particular and the trade in general.

Reshma Lakhani
6/4/16

रेश्मा लखानी /RESHMA LAKHANI
आयुक्त / COMMISSIONER

सेवा में/ To

1. प्रेषण सूची -1 व 2 के अनुसार / As per DL-I & II of Cochin Commissionerate

प्रति प्रस्तुत है / Copy submitted to :-

मुख्य आयुक्त कार्यालय / The Chief Commissioner's office

System