

Service Tax on GTA : DG withdraws clarification

TIOL-DDT 94

13 04 2005

Wednesday

Service Tax on GTA – DG withdraws clarification

WE are happy to report that the DG Service Tax has withdrawn the controversial clarification we reported yesterday.

On behalf of thousands of assesseees spread across this large country, we express our deep feelings of gratitude to the DG Service Tax for the courage in withdrawing the clarification which we pointed out was patently illegal. Any one can make a mistake; it takes real strength to correct a mistake. A responsible and responsive tax administration ready to admit a mistake and that too promptly before much damage could be done is the greatest happening. Now the consignors/consignees can continue to pay Service Tax on 25% of the value. Yesterday's storm was only one in the tea cup and it has blown over. All's well that end well. Your Taxindiaonline promises to humbly continue with its mission to constantly watch and report such aberrations and this kind of prompt corrections boost our morale. Thank you DG!

Cenvat Credit Rules amended

As per Rule 6, if inputs are used in dutiable and exempted goods, either separate accounts are to be maintained or 10% on the final products are to be paid. However there is a third option as per Rule 6(3) in respect of certain goods like LSHS, Naphta, Newsprint, textiles etc.,. In these cases proportionate credit can be reversed. Now the Government has added LPG for domestic consumption and Kerosene for public distribution to the list.

[Notification No. 18 /2005-Central Excise \(N.T.\) dated 12.04.05](#)

Duty paid on exempted goods eligible for credit

That is what the Madras High Court ruled in a recent case. Remember the proposed amendment to Section 5A of the Central Excise Act which bars the assesseees from paying duty on exempted goods. But if they still do? Allow credit? If that is the law, what is the purpose of the amendment? – See our story and the case in today's "breaking News"

Sale to Government/Industrial Consumers/hotels for own consumption – retail or wholesale?

There are conflicting views of the Tribunal benches on this issue. Now the Bangalore bench of the CESTAT has referred the matter to a Larger Bench. – SEE [2005-TIOL-292-CESTAT-BANG](#)

PMT for Revenue officials?

I am sure you know what PMT means, but I am not referring to that. This is about a more damaging trauma called PRE MARCH TENSION for Revenue officers to hit that much elusive target and however difficult it is, most of them manage to do it – by hook or crook – or statistics! An ingenious way employed by an enterprising Income Tax officer was to attach the Bank Accounts of an assessee a day after the Commissioner (Appeals) passed an order. The Tribunal was not amused and ordered refund. Refund comes only in April or later but target has to be reached in March. See our [ITAT case](#) today.

God! Grant me

The strength to change the things I can

The courage to accept the things I cannot

And the serenity to know the difference

Until Tomorrow with more of DDT

Have a Nice Time

Mail your comments to vijaywrite@taxindiaonline.com