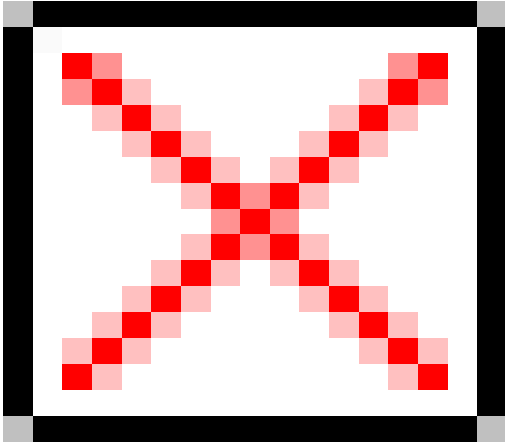


Card Transaction - Service Tax Exemption



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09 12 2016

Friday

GOVERNMENT has exempted services by an **acquiring bank**

, to any person in relation to settlement of an amount upto two thousand rupees in a single transaction transacted through credit card, debit card, charge card or other payment card service.

When a customer uses a credit card, debit card, charge card or any other payment card for payment of his purchase of goods or services, the merchant/service establishment is charged certain merchant discount rate (MDR) by credit card or debit card issuing banks. With a view to promote digital transactions and encourage merchant establishments to accept such card payments, Government has waived service tax on such amount charged while making payments through credit card, debit card, charge card or any other payment card. However, this waiver is limited to payments upto two thousand rupees only in a single transaction.

"Acquiring bank"

means any banking company, financial institution including non-banking financial company or any other person, who makes the payment to any person who accepts such card."

Notification No. 25/2012-ST, dated 20.06.2012, is amended to insert a new entry 64.

[Notification No. 52/2016-Service Tax., Dated December 08, 2016](#)

But you can't do it; can you?

CPM Leader Mr. Sitaram Yechury is reported to have objected to this move of the Government to waive the service tax on card transactions. Yechury's objections are:

1. No taxation proposal can be implemented, except being approved by Parliament.
2. It is a clear violation of parliamentary norms and procedures....
3. No tax proposal can be made anywhere else but in Parliament.

4. All matters relating to withdrawal from or accrual to the Consolidated Fund of India.... cannot be carried out without Parliament's nod.

5. In this case, the Consolidated Fund will receive less on account of service tax waiver because of the Prime Minister's approval to it. This cannot be done.

Yechury's party colleague Mr. Salim said

"service tax was passed by Parliament as part of the budget proposal. So if any changes have to be made in it, it has to be made in Parliament."

Yechury saab and Salim Saab, the waiver of service tax was done by a notification issued under Section 93 of the Finance Act 1994 which stipulates,

"If the Central Government is satisfied that it is necessary in the public interest so to do, it may, by notification in the Official Gazette, exempt generally or subject to such conditions as may be specified in the notification, taxable service of any specified description from the whole or any part of the service tax leviable thereon."

So, as per this Act passed by Parliament, the Government is under no obligation to take Parliament's approval for giving the exemption by notification. All that the government is obliged to do is to lay a copy of the Notification in Parliament, which the Government has done promptly yesterday itself.

Misleading information: A Netizen mailed me this morning:

Yesterday and today almost all print media and TV have reported that there will be no service tax for payment upto Rs. 2000 if paid by card. Some have even quantified the savings as up to Rs. 300.

Actual notification (52/2016) exempts the ST on bank charges!!!

In days to come, small service providers like restaurants, lodges and like are going to face trouble because of this confusion.

I request, if thought fit, please cover this issue in DDT.

Import of Wheat - Exempted from Customs Duty

AT

present wheat attracts an effective rate of 10% customs duty till 28th of February 2017. Now the Government has exempted it totally without an end date. Notification No. 12/2012-Cus is suitably amended.

Mr. Sitaram Yechury found fault with this move also. He tweeted:

0% import duty on Wheat means this govt is fearing food-shortages, having destroyed the Annadata, by starving them of Cash; But this 0% duty on Wheat means that our Farmers will be starved further and foreign food corporates will rake in super-profits; So, this furthering of super-profits of foreign capital at the expense of Indian farmers is RSS/BJP's idea of Nationalism.

Reuters reported from Sydney:

Wheat futures rose slightly on Thursday as the Indian government's decision to end wheat import duties boosted expectations of new global demand; Wheat is seeing support today from the news that India is removing its wheat import tariffs; Indian trade sources estimate imports could rise to six million tonnes, the highest in a decade; Indian wheat prices hit a record high last month.

Economist Tim Worstall wrote in Forbes,

The Indian government has just announced that it is going to cut the import duty on wheat to 0% from the former 10% (and the even earlier 25%). This is of course a sensible move for all tariffs on everything should always be at 0%, for two blindingly obvious reasons which all too many people fail to grasp. The first is that the economy ought to be run for the interests of consumers, not whichever producers manage to grab the ear of government. And secondly because imports are the very thing that make us all richer, they are the point and purpose of trade itself. This is thus a Good Thing; There should never have been such a tariff in the first place of course; Private importers purchased about 500,000 tonnes of wheat, largely from Australia, in the past month after the world's second-biggest producer of the grain cut the duty to 10% from 25% in September.

[Notification No. 60/2016-Customs., Dated: December 08, 2016](#)

Babus Need Not File Declaration of Assets and Liabilities

GOVERNMENT had notified the **Public Servants (Furnishing of Information and Annual Return of Assets and Liabilities and the limits for Exemption of Assets in Filing Returns) Rules, 2014** under the Lokpal and Lokayuktas Act, 2013 on 14.07.2014.

The Government servants were required to file returns of their assets and liabilities by 15th September 2014. Obviously the babus are not ready to part with this information.

In September 2014, the Government extended the last date to 31st day of December 2014.

Come December and they extended it to 30th April 2015.

In April also babus were not ready and the government extended the last date to 15th October 2015.

On October 11th, a Sunday, the Government extended the date to 15th April 2016.

The Government had emphatically stated on 28th March 2016 that there shall be no further extension of the aforesaid last date i.e. 15.04.2016. On 11th April, the Government extended it till 31st July 2016. On 29th July 2016, the Lokpal and Lokayuktas Act, 2013 was amended to insert the following clause:

"44. On and from the date of commencement of this Act, every public servant shall make a declaration of his assets and liabilities in such form and manner as may be prescribed."

And with this Act, there is no requirement of filing the return.

DoPT clarifies,

Thus, under the Public Servants (Furnishing of Information and Annual Return of Assets and Liabilities and the Limits for Exemption of Assets in Filing Returns) Rules, 2014 there is no requirement for filing of declarations of assets and liabilities by public servants now.

The Government is in the process of finalising a fresh set of rules. The said rules will be notified in due course to prescribe the form, manner and timelines for filing of declaration of assets and liabilities by the public servants under the revised provision of the said Act. All public servants will henceforth be required to file the declarations as may be prescribed by the fresh set of rules.

Please also see DDT [2405](#), [2433](#), [2504](#), [2505](#), [2585](#), [2702](#), [2815](#), [2826](#), [2898](#) and [2973](#)

[DoPT Office Memorandum in No. 407/16/2016-AVD-IV\(LP\)., Dated: December 01, 2016](#)

Did not make prediction that govt expects all demonetised money to come back to system: Revenue Secretary

IN response to an Indian Express story, Revenue Secretary Dr Hasmukh Adhia says,

It is very strange that only Indian Express has reported this statement in the headlines while no other news persons who were present there have reported this.

I would like to emphasise that I did not make any such prediction that the Government expects all demonetised money to come back to the system. The question asked was that 'what happens if all the money is coming back to the banks'. In response, I said that 'merely bringing money to banking channels does not make it white until tax is paid on the same'. I, therefore, mentioned that even if all the old money comes to the banking channels, Income Tax Department would be able to see the trail of money coming from various individuals and we would be able to recover tax on the same along with penalty, wherever applicable.

While all other newspapers, including PTI, have reported this as the main substance of my reply, only Indian Express seems to have drawn a different conclusion of this reply and has put this in form of a headline as if the Government has already concluded that the entire money is going to come back. I may like to point out that it is not possible for me to make such a prediction and there is no reason why I should make such prediction prematurely.

Kerala's JNU alumnus Finance Minister Dr. Thomas Isaac reacted to the Revenue Secretary's reported comments - ***"I was wrong; I had said that 90-95% of the demonetised 500 and 1000 rupee notes will return to the banks; now the Revenue Secretary says that all the notes will come back. Where then did the black money go?"***

GST Dual Control Duel

ADDRESSING

an ASSOCHAM event yesterday, the CBEC Chairman, Najib Shah asked the industry to prepare itself to implement the Goods and Services Tax (GST) from April 1. He said the Government was GST ready and urged the industry also to be ready. The Chairman said,

- + We don't want to reduce 'dual' (GST structure) into duel.
- + Lack of consensus on the issue of how the new tax, having central and state elements, would be collected and administered is holding up the supporting legislations on the Goods and Service Tax (GST), which the government is keen on introducing from April 1 next year.
- + CBEC would also look into anti-profiteering mechanism.
- + We are very clear that one assessee will be dealing with the administration of either state or the Centre. So the entire cross empowerment issue was, we empower each other to say that in case the state authorities look at SGST issue, they also look at CGST and vice versa.

+ The central government and state governments have to collect Rs 8 lakh plus crore of revenue which they are currently getting from indirect taxes other than customs.

+ I'm sick and tired of hearing from wise people that we should have one rate of GST". How can we have a one rate for edible oils, cars, atta, computers? We cannot have one rate but we can reach one rate 20 years down the line. We have to have multiple rates.

+ We are doing the great experiments with matching of invoices, no other administration has attempted this.

Central Excise - Humour in Uniform to Continue

RECENTLY

the Joint Secretary (Admn) of CBEC had a meeting with the All India Central Excise Inspectors Association. One of the points discussed was "**Discontinuation of uniform for Inspector.**"

The Joint Secretary stated:

It was informed that the issue has been discussed earlier. Board does not agree with the demand and it may be treated as closed.

So, the Central Excise Inspectors will continue to wear the uniform. It is not known whether the uniformed joke will continue into the GST regime.

[CBEC Office Memorandum in F.No.12017/02/2016-Ad IVA., Dated December 08, 2016](#)

Monday, 12th December is a holiday - Milad-Un-Nabi

Until Tuesday with more **DDT**

Have a nice weekend.

Mail your comments to vijaywrite@tiol.in