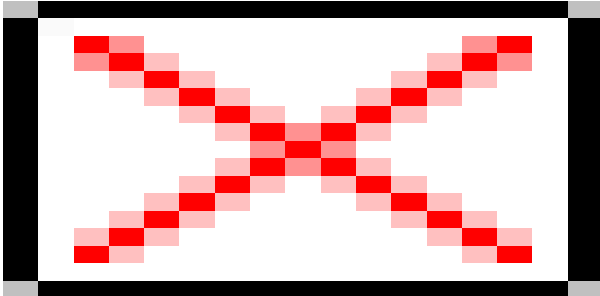


Process for verifying digitally signed documents - CBEC Instructions



TIOL-DDT 2636

08 07 2015
Wednesday

CBEC

by Notification No. 18/2015-C.E.(N.T.) dated 6th July, 2015 has prescribed conditions, safeguards and procedures for preserving records in electronic form and authentication of records by digital signatures. (Please see yesterday's [DDT](#))

Now Board has prescribed the procedure for verification of digitally signed invoices and documents:

The process for verifying digitally signed documents or invoices requires a computer system with internet connection. Digitally signed invoices or documents either in PDF format or the hard copy of invoices and documents may contain a web link where the documents or invoices are stored by the assessee, which can be accessed using this web link for verification. Assessee shall either provide access to the weblink of the company for verification or forward the digitally signed invoice or document by e-mail on requisition by the Central Excise Officer for verification.

The contents of a digitally signed document or invoice can be verified as follows:

Automatic pop-up of message once a digitally signed invoice is opened for the first time

1. Whenever a document/ invoice containing a valid digital signature is opened in a pdf format, a pop up will automatically appear on the computer screen indicating the manner in which the digital signature of the person, who has signed the document, can be validated.
2. This pop-up would generally contain the messages "At least one signature has problems" and "**Signature Panel**".
3. Digital signature can be validated by clicking on the signature box, which has message "**validity unknown**" with a "?" stamp, generally appearing on the bottom right corner of the invoice.
4. This pop up will not appear where the sender creates only an image of the digital signature instead of digitally signing the invoice or document. Such an invoice or document will not be a valid digitally signed invoice or document.

Document modification

1. Once the signature box on digitally signed invoice or document is clicked, a window bearing title 'signature validation status' will appear to provide document modification history. This window will provide the information as to whether the document has been modified or not post signing of the document.

2. A tab bearing the title "**Signature Properties**"

shall also appear on the same window and this tab once clicked, a window bearing the title "Signature Properties" will appear.

Access to key information from the signature panel and acceptance of signer post verification of necessary particulars

1. The "**show signers' certificate**"

option appears on the "Signature Properties" window. On clicking it, various tabs will provide key information about the signer, validity and authenticity of the digital signature certificate, details about the agency that has issued the digital certificate, details about the certificate granted to such issuing agency etc.

2. After verifying various particulars (the name of the holder of the digital signature, the validity of the signature and details of issuance of the document) and being satisfied with the authenticity of the document, the Central Excise Officer may add the certificate in question to its list of trusted certificates by clicking the "trust" tab on the menu. By clicking 'Add to trusted identities' the signer gets added as a trusted source and the process of verification is complete.

How many Central Excise Officers will be able to pass the above drill?

[CBEC F. No. 224/44/2014-CX.6., Dated: July 06, 2015](#)

Detailed Manual Scrutiny of Service Tax Returns - CBEC Instructions

CBEC has issued instructions on detailed scrutiny of ST-3 returns, with effect from 01.08.2015:

PRELIMINARY ONLINE SCRUTINY:

The purpose of preliminary scrutiny of returns includes ensuring the completeness of the information furnished in the return, arithmetic correctness of the amount computed as tax and its timely payment, timely submission of the return and identification of non-filers and stop-filers. On the basis of the validation checks incorporated in ACES by the Directorate General of Systems & Data Management (DGS&DM), preliminary scrutiny of all returns is done online in ACES and the returns having certain errors are marked for Review and Correction (RnC). These have to be processed accordingly by the Range Officers.

DETAILED MANUAL SCRUTINY

The purpose of detailed manual scrutiny of returns is to ensure the correctness of the assessment made by the assessee. This includes checking the taxability of the service, the correctness of the value of taxable services in terms of Section 67 of the Finance Act, 1994, read with the Service Tax (Determination of Value) Rules, 2006 and the effective rate of tax after taking into account the admissibility of an exemption notification, abatement, or exports, if any; ensuring the correct availment/utilization of CENVAT Credit on inputs, capital goods, and input services in terms of the CENVAT Credit Rules, 2004, etc. In doing this, the proper officer must rely mainly on assessment-related documents like agreements/contracts and invoices. Detailed financial records should not be called for in a routine manner.

A Return Scrutiny Cell should be created in the Commissionerate Headquarters. The Return Scrutiny Cell shall maintain the records of the assessee and the returns which are selected for detailed scrutiny and also the results.

The list of returns to be taken up for detailed scrutiny would be finalized by the Additional/Joint Commissioner in-charge of Division (or in his absence by the Commissioner) as per the risk score in conjunction with the total tax paid by the assessee, local risk parameters (including sensitive and evasion prone sectors), past compliance record of the assessee and manpower availability. The list of the assessee selected will be sent to the respective Divisions.

The assessee who have been selected for audit or have been audited recently (in the past three years) should not be taken up for detailed scrutiny. However, the Chief Commissioner, may direct detailed manual scrutiny of an assessee's return who has paid service tax (Cash + CENVAT) more than Rs 50 lakhs in certain specific cases. In no event should an assessee be subjected to both audit and detailed manual scrutiny.

All the officers should maintain strict confidentiality regarding the Risk Score data including the original score, further selection by the Commissionerate, etc. Under no circumstances it is to be shared with the assessee or any other authority since this is information available in a fiduciary relationship, pertaining to a third party, and which may entail further investigation.

Detailed scrutiny of returns must be conducted by the Service Tax Range headed by the Superintendent and assisted by a complement of Inspectors. However, the Divisional DC/AC shall be responsible for the overall supervision of this business process in respect of his/her division. Before return scrutiny is initiated, the assessee must be given prior intimation of at least fifteen days and the purpose of the exercise must be spelt out in an Intimation Letter.

One of the important objectives of return scrutiny is to ensure validation of the information furnished in the self-assessed ST-3 return. The validation exercise would require reconciling information furnished in the ST-3 return with ITR Form Nos. 4, 5, 6 and 26AS and any third party information made available. In addition to this, the scrutiny exercise must also look at the correctness of self-assessment with respect to taxability, admissibility of abatement and eligibility for exemption, valuation and CENVAT credit availed/utilized.

This seems to be another Audit by the Range - let us hope it is not another attack from the department.

The Department wants to extend this to GST. The Board Circular states, ***"Even after the introduction of GST, it may be appreciated that the basic principles of scrutiny of returns and reconciliation of records would remain the same."***

[CBEC Circular No.185/4/2015-ST, Dated: June 30, 2015](#)

Online Collection of Light Dues

THE

beautiful lighthouses on the seacoast, helping the ships to navigate the rough seas, are tourist attractions. Each lighthouse speaks a powerful clear language and has a specific message conveyed either by the colours of the lighthouse or the number of times the light beam rotates. There is no scope for confusing notifications, long winding interpretations or never ending litigation. This is not a free service. The Government of India collects a fee called the light-dues from ships touching India. While the Lighthouses are maintained by the Directorate General of Lighthouses and Lightships, in remote and difficult to access places, the collection of this fee is entrusted to the Customs Department as no ship arrives at or departs from any port in India without Customs clearance. And there is a Law - an Act which is 88 years old.

In terms of Section 9 of the Lighthouse Act, 1927, for the purpose of ***providing or maintaining or for providing and maintaining lighthouses***

for the benefit of ships voyaging to or from India or between ports in India, the Central Government shall, subject to the provisions of the Act cause light-dues to be levied and collected in respect of every ship arriving at or departing from any port in India, at the rates prescribed under Section 10 (1) by the Central Government, by notification in the Official Gazette, and shall be paid by the owner or master of the ship on its arrival at and on its departure from, any port in India under Section 10(2). If light-dues have been paid in accordance with the provisions of the Act in respect of any ship, no further dues shall become payable in respect of that ship for a period of thirty days from the date on which the dues so paid became payable.

In terms of Section 13 of the Lighthouse Act, 1927, the Proper Officer shall recover light-dues expenses and costs. Proper Officer has been defined in Section 2(hh) as the officer of Customs who is assigned those functions by the Central Board of Excise and Customs and includes any person appointed by the Central Government to discharge the functions of a proper officer under the Act.

Now the collection of light-dues has been made online. Online payment of light dues can be made from Directorate General of Lighthouses and Lightships (DGLL) website www.dgll.nic.in or from the website of Syndicate Bank www.syndicatebank.in

The proper officers from the Customs will be issued user ID and password for verification of the receipt/acknowledgement produced by the shipper/agent for online payment of light dues from website of Syndicate Bank.

CBEC has requested the Chief Commissioners of Customs / Customs (Preventive) / Customs and Central Excise to sensitize staff working under their jurisdiction and to issue suitable Public Notice for the information of the Trade and Shipping Agents/Liners about implementation of new system.

For a related problem on Light-dues, please see

[Light dues on deck cargo - current problem 'contained' but will Customs recover for past losses?](#)

Is there any Service Tax on this?

[CBEC Letter F.No. 450/04/2015-Cus-IV., Dated: May 22, 2015](#)

Delhi VAT on Petro products - Allow Credit or reduce rates - ASSOCHAM

THE

ASSOCHAM in a letter to the Delhi Chief Minister submitted that the legislative move by the Delhi Government to increase the Value Added Tax (VAT) on petroleum products to 30 percent from 20 percent will hit the industrial units in the national capital raising the cost of diesel at least by Rs 5 a litre and making the operations unviable

Fuels in the form of petrol, diesel and kerosene, LPG, CNG, PNG and coal are the items on which VAT credit is not allowed to the manufacturers. VAT credit is allowed only to licensed dealers of fuel products who purchases fuel in commercial quantities for resale.

The increase in VAT rate on petroleum products will increase the cost of diesel by Rs. 5/- a liter which is used by most of the industries in Delhi to run their boilers and generators for manufacturing use as no other fuel is being allowed by Delhi Pollution Control Committee, whereas other States are using alternative fuel like coal and bio briquettes which is much cheaper than diesel.

"The cost of running with diesel is almost 2.5 times that of coal. This increase of Rs. 5/- a litre will make industries in Delhi unviable as compared to industries in neighbouring States," ASSOCHAM said in the letter to the Chief Minister.

ASSOCHAM requested that either VAT credit should be allowed to the manufacturing sector on fuel used in boiler and generator for production purposes or VAT should not be increased.

"There was a time when the subsidy was given by the Government on diesel to control its prices. There was justification at that time of not allowing the VAT credit on these products to the industry as fuel was being supplied at subsidized rates. Now the price of diesel and other petroleum products is not controlled by the Government and no subsidy is given by the Government on petrol and diesel", added ASSOCHAM in the letter to the CM.

From Inspector to CESTAT Member

Mr.

B. Ravichandran who joined CESTAT as Member (T) in Delhi on Monday had started his career as an Inspector of Central Excise. Later he cleared the Civil Services Examination and got into the IRS and now has reached the highest position as a CESTAT Member.

Policeman smuggled 1500 kgs of gold

IT is reported that a Police Constable working in the immigration wing at Cochin International airport had smuggled out about 1500 kgs of gold valued at Rs. 400 crores and earned a booty of about Rs. 8 crores in the process, in a span of 18 months.

His *modus operandi*

: Some passengers, who were actually gold carriers, would leave the smuggled gold bars in the toilet at the immigration hall. The flush tank is a popular location. Later, the constable would pick it up from the toilet. He had a belt, which had special pockets to conceal the gold. He would deposit the smuggled gold in his car parked outside the airport. Then his brother would come in another car and go back with the gold filled car to his home where his father would be waiting to collect the gold to sell it in the local market. The family business ran into rough weather with the arrest of the cop.

Until Tomorrow with more **DDT**

Have a nice day.

Mail your comments to vijaywrite@tiol.in