

FAST FACTS BULLETIN

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IMPLICATIONS OF

2009 Budget ON

Individuals

- Basic exemption limit increased by 15000 for senior citizens, Rs. 10000 for others. Surcharge on tax removed
- Deduction under section 80DD increased to 1 Lakh
- Employees to be taxed for perquisites like superannuation / ESOPS
- Contribution to NPS to be exempt on Exempt-Exempt-Tax Principle

Business Income

- No change in corporate tax. FBT and CTT abolished
- Sun-set clauses for deduction in respect of export profits (Section 10A /10B) extended by one more year
- Rate of MAT increased from 10% to 15%. Carry forward increased to 10 Years
- Presumptive tax scheme for business turnover upto 40 Lacs

TDS/TCS

- No surcharge and cess on non-salary TDS
- No TDS for freight hire charges if deductee furnishes PAN
- New procedure for processing of eTDS Statements
- Time limit set for passing of order for interest, penalty
- Penal TDS Rate for deductees not furnishing PAN

Service Tax

- No change in service tax rates
- New services covered: cosmetic surgery, legal consultancy
- Changes in Valuation under Works Contract Composition Scheme 2007
- Refund of Service Tax paid on input services used by exporter for export of goods

Others

- Pass-through status for New Pension Scheme
- Limited Liability Partnership to be taxed as general partnership
- Tax exemption to electoral trusts
- End of multiple taxation on packaged software
- No change in mean Cenvat Rate of 8% ad valorem

Tax Rates: Income Tax Slabs for Individuals:

Personal Income tax rates slabs is proposed to be changed. The basic exemption is proposed to be increased to Rs. 1,60,000. Therefore the minimum tax saving for every individual would be Rs. 1,030.

For the Income Earners, above 10 lacs, the savings is high (around 10%) as the surcharge on Income Tax is removed. The Educations Cess of 3% remains as it is.

The table below shows the proposed tax slabs for 3 categories of individuals.

Tax Rates	General	Women	Sr. Citizens (65+ yrs of age)
Exemption Limit	RS. 1,60,000	RS. 1,90,000	RS. 2,40,000
10%	1,60,001 - 3,00,000	1,90,001 to 3,00,000	2,40,001 to 3,00,000
20%	3,00,001 -5,00,000	3,00,001 -5,00,000	3,00,001 -5,00,000
30%	5,00,000 +	5,00,000 +	5,00,000 +

New Pension System (NPS)

- The Tax Benefit Under Section 80CCD has been extended to "self employed" individuals as well.
- It is also proposed to amend the Explanation to the said section to provide that for the purposes of the said section the assessee shall be deemed not to have received any amount in the previous year if such amount is used for purchasing an annuity plan in the same previous year. These amendments will take effect retrospectively from 1st April, 2009 and will, accordingly, apply in relation to assessment year 2009-2010 and subsequent years

Limits of Section 80DD increased

Medical treatment for handicapped dependants limit of Rs. 75,000 increased to Rs. 100,000.

Donations given to Political Party or Electoral Trust To have the transparency in the money coming for elections, it is proposed to provide the 100% deductions to all assessee who donate money to political party or electoral trust

Perquisites: Section 17(2)

- It is proposed that value of any specified security or

sweat shares allotted to employee free of cost or at concessional rates will be perquisite. The value will be the fair market value on the date on which option is exercised as reduced by the amount paid by the employee.

- It is also proposed to include as perquisite employers contribution in excess of Rs. 1 lakh to approved superannuation fund.
- IT is proposed to include as perquisite value of any other fringe benefits or amenity as may be prescribed. The Amendment will take effect from 1/4/2010.

Interest of Loan taken for Higher Education: Section 80E

In order to extend the benefit to more persons, it is proposed to define Higher Education to mean any course of study after passing Senior Secondary Examination. The Amendment will take effect from 1/4/2010 onwards.

Voluntary Retirement: Section 89

It is proposed that if Benefit of exemption U/s 10(10C) is availed of by an employee for the amount received on voluntary retirement, no relief would be available u/s 89. The Amendment will take effect from 1/4/2010. ■

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sector reduced from 7.5% to 5%. This exemption valid upto 06.07.2010.

- Exemption provided to packaged or canned software, subject to specified conditions, from so much of the additional duty of customs leviable thereon as is equivalent to the duty payable on the portion of the value which represents the consideration paid or payable for transfer of right to use such software.
- Duty on LCD panels for manufacture of LCD TV reduced from 10% to 5%.
- Full exemption from special additional duty of customs on parts, components and accessories of mobile handsets has been reintroduced. This exemption is valid for one year.
- Basic custom duty on inflatable rafts fully exempted.
- Duty on Artificial Heart (left ventricular assist device) reduced from 7.5% to 5%.
- Duty on Patent Ductus Arteriosus/Atrial Septal Defect occlusion device reduced from 7.5% to 5% with nil

CVD by way of excise duty exemption.

- Duty fully exempted on snow skis and other snow-ski equipment, water-skis, surf boards, sailboards and other water-sports equipments.

Increase

- Basic duty on gold and silver has been increased as follows:
 - Gold bars from Rs. 100 per 10 gm to Rs. 200 per 10 gm
 - Gold in any form other than bars from Rs. 250 per 10 grams to Rs. 500 per 10 grams.
 - Silver in any form from Rs. 500 per kg. to Rs. 1000 per kg.
- Exemption of duty on concrete batching plants of capacity 50 cum/hr or more withdrawn. Now these items will attract 7.5% duty.
- Duty on set top boxes increased from nil to 5%.
- CVD exemption on Aerial Passenger ropeway projects has been withdrawn. ■

Implications of **Budget 2009** on TDS and TCS

TDS Rates

- For payment to residents and domestic companies, there will be no surcharge and cess on the basic rate of TDS. This simplifies TDS rates to a great extent.
- There are changes in TDS rates for payments to contractors and payment of rent. Those are explained below.

TDS on payment to contractors : Section 194C

- The proposed amendment is effective from 01-10-2009.
- Rate of deduction: Rate of deduction is now based on the status of payee and not on the basis of type of payment. Earlier the rate was 2% for payment to contractors and 1% for payment to sub-contractors and advertisement contracts. Now the rate is 1% for payments made to individuals and HUF and 2% in other cases.
- Contractor manufacturing is now covered as "work" and is liable to TDS under this section.
 - o This is defined as manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from such customer, but does not include manufacturing or supplying a product according to the requirement or specification of a customer by using material purchased from a person, other than such customer.
 - o If the invoice mentions value of material separately then such value will be excluded for calculation of TDS, in all other cases TDS will apply to total invoice value.
- Persons carrying business of plying, hiring or leasing goods carriages.
 - o Need not deduct TDS if contractor furnishes PAN.
 - o Will have to furnish information as may be prescribed.

TDS on Rent : Section 194I

The proposed amendment is effective from 01-10-2009.

Rent	Earlier	Now
Plant and Machinery	10%	2%
Land building	15% for Individuals / HUF and 20% for others	10%

eTDS Statement Filing: Section 200

- The proposed amendment is effective from 01-10-2009. Currently section 200 specifies quarterly filing of eTDS statements.
- This is changed and now CBDT can specify the periodicity for which the statements are to be filed.

Processing of eTDS Statements: Section 200A

The proposed amendment is effective from 01-04-2010. This new section introduces processing of eTDS Statements in the following manner.

- Sum deductible shall be calculated after making

adjustment of arithmetical errors and apparent incorrect claims.

- Interest will be calculated.
- From the above actual amount paid will be deducted to arrive at TDS payable or refundable.
- Deductor will be informed about the TDS payable or refundable.
- Time limit for the processing is within one year of the financial year of filing of eTDS statement.
- CBDT will make a scheme of centralized processing of e-TDS Statements.

Time limit for Penalty proceedings : Section 201

- The proposed amendment is effective from 01-04-2010.
- A person is deemed to be an assessee in default for failure to deduct TDS in whole or part.
- The order for such default now will have to be passed.
 - o Within two years from the end of the financial year in which the eTDS statement is filed.
 - o Within four years from the end of the financial year in which payment is made or credit is given, in any other case.
 - o For financial year commencing on or before 01-04-2007, this time limit is upto 31st March 2011.

TDS Rate when PAN not available: Section 206AA

- The proposed amendment is effective from 01-04-2010.
- If deductee fails to furnish PAN to deductor, the deductor shall apply highest of the following rates for deducting TDS.
 - o (i) at the rate specified in the relevant provision of this Act; or
 - o (ii) at the rate or rates in force; or
 - o (iii) at the rate of 20%.
- Form 15G/ 15H declaration for no deduction of tax will become invalid if PAN is not mentioned therein.
- PAN will have to be mentioned in bills, vouchers and other documents communicated between deductor and deductee.
- If deductee furnishes invalid PAN or submits PAN belonging to someone else, it will amount to non furnishing of PAN.

Other Changes

- No TDS on zero coupon bonds issued by scheduled banks : Section 194A. Effective 01-04-2009
- No TDS for payments from New Pension Scheme : Section 197A. Effective 01-04-2009
- Quarterly statement for interest paid without deducting TDS is now to be submitted for "such periods as may be prescribed" : Section 206A Effective 01-10-2009.
- Quarterly statement regarding tax collection at sources are now to be submitted for "such periods as may be prescribed": Section 206C Effective 01-10-2009. ■

Excise Duty

No Change in the mean Cenvat rate of 8% ad valorem. However the concessional excise duty rate of 4% has been increased to 8% with certain exceptions.

Modification

- Basic duty on branded Petrol converted from "6%+Rs.5 per litre" to a specific rate of Rs.6.50 per litre. Now total duty on branded petrol will be Rs.14.50 per litre.
- Basic duty on branded High Speed Diesel converted from "6%+Rs.1.25 per litre" to a specific rate of Rs.2.75 per litre. Now total duty on branded High Speed Diesel will be Rs.4.75 per litre.
- Duty exemption on recorded smart cards and recorded proximity cards, tags made optional. Manufacturer may opt to pay duty and avail the credit.

Reduction

- High Speed Diesel blended with upto 20% bio-diesel to be fully exempt from excise duties provided appropriate duties paid on HSD and bio-diesel.
- Duty on Special Boiling Point spirits and Naphtha reduced to 14%.
- Duty exemption provided to tops (man-made), made out of duty paid man-made tow procured from outside the factory using 'tow-to-top' process.
- Goods manufactured at the site of construction for use in construction work at such site fully exempted.
- Duty on articles of jewelry on which the brand name or trade name is indelibly affixed or embossed on the articles of jewelry itself, reduced from 2% to nil.
- Specific component of duty on motor vehicles of heading 8702 / 8703 having engine capacity exceeding 1999 CC reduced from Rs.20000 per unit to Rs.15000 per unit.
- Duty on petrol driven motor vehicles for transport of goods except dumpers reduced from 20% to 8%.
- Duty exempted on specified medical devices namely Patent Ductus Arteriosus/ Atrial Septal Defect occlusion device.
- Exemption provided to packaged software, subject to specified conditions, from so much of the duty of excise leviable thereon as is equivalent to the excise duty payable on the portion of the value which represents the consideration paid or payable for transfer of right to use such software.

Increase

- Exemption to Naphtha or Natural Gasoline Liquid would not be available if they are used in the manufacture of fertilizer/ammonia which in turn is used for manufacture of some other item.
- Duty on following items increased from 4% to 8%:
 - Ink used in writing instruments.
 - Pure terephthalic acid (PTA), dimethyl terephthalate(DMT), acrylonitrile Polyester chips
 - Heat resistant latex rubber tension thread and Heat resistant rubber tension tape.
 - Raw, tanned and dressed fur skins.

- Goods falling under heading 4408 (sheets for veneering for plywood and related products), 4410 (different kinds of wood boards), 4411 (fibre board of wood or ligneous materials) and 4412 (plywood).
- Flush doors and articles of wood other than articles of densified wood.
- All goods falling under heading 4820 (folders, file covers and other articles of stationary)
- Paper and paperboard labels.
- Man made filament yarn falling under heading 5402,5403 and 5406.
- Manmade fibres (tow and staple fibres) falling under chapter 5501 to 5507.
- All textile goods made of manmade fibre/yarn or natural fibres/yarn other than cotton i.e. beyond the fibre/yarn stage.
- Goods in which not less than 25% by weight of fly ash or phosphogypsum or both have been used.
- Articles of mica.
- Solid or hollow building blocks, including aerated or cellular light weight concrete blocks and slabs.
- Ceramic tiles, manufactured in a factory not using electricity for firing the kiln.
- LPG Gas stoves.
- Electronic milk tester / solid non-fat (SNF) tester.
- MP3/MP4 or MPEG 4 players with or without radio/video reception facility.
- Contact lenses.
- Parts of drawing and mathematical instruments, used in the manufacture of drawing and mathematical instruments.
- Playing cards.
- Goods classified under heading 9603 like paint brushes, toothbrushes etc.
- Slide fasteners and parts thereof.
- Duty on all textile goods made of pure cotton, not containing any other textile material increased from nil to 4%.

Custom Duty

Modification

- Description of some specified machinery items for use in leather or footwear industry has been amended.

Reduction

- Duty on unworked corals reduced from 5% to nil.
- Duty on rock phosphate reduced from 5% to 2%.
- Basic Duty on bio-diesel reduced from 7.5% to 2.5%.
- Basic Duty on nine specified life saving drugs and their bulk drugs and one vaccine reduced to 5% with nil CVD by way of excise exemption.
- Basic duty on waste of wool and cotton waste reduced from 15% to 10%.
- Concessional duty of 5% on specified plantation machinery available upto 30.04.09 extended upto 06.07.10.
- Duty on Permanent magnets for manufacture of PM synchronous generators above 500 KW for use in wind operated electricity generators reduced from 7.5% to 5%.
- Duty on mechanical harvesters for coffee plantation

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Rates of Service Tax

There is no Change in rate of Service Tax

Newly Introduced Services

- **Cosmetic or Plastic Surgery Service:**
Any service provided to or to be provided to any person by any other person, in relation to cosmetic surgery or plastic surgery would be taxable, but does not include any surgery undertaken to restore or reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, degenerative diseases, injury or trauma.
- **Transport of Coastal Goods, goods through national waterways or inland water:**
Any service provided or to be provided to any person by any other person in relation to transport of (i) Coastal Goods; (ii) Goods through national waterways; or (iii) Goods through inland water would be taxable.
- **Legal Consultancy Service:**
Any service provided or to be provided to a business entity, by any other business entity, in relation to advice, consultancy or assistance in any branch of law, in any manner would be taxable.

However, any service provided by way of appearance before any court, tribunal or authority shall not amount to taxable service.

Individuals are excluded from the definition of business entity; whether as service provider or as service recipient. Hence, if a service provider or a service recipient is an individual then service tax under this category of service would not be chargeable.

- **Transport of Goods in Containers by Rail Service:**
Presently, transportation of goods in containers by rail, by other than Government railways is taxable under section 65(105) (zzzp) since 2006. Now service tax would be imposed on goods transported by railways including Government railways, whether in containers or otherwise.

Amendments in CENVAT Credit Rules, 2004

Explanation 2 of the clause (k) of Rule 2 of Cenvat Credit Rules, 2004 is being amended, so as to exclude from the definition of input, "cement, angles, channels, Centrally Twisted Deform Bar (CTD) or Thermo Mechanically Treated Bar (TMT) and other items used for construction of factory shed, building or laying of foundation or making of structures for support of capital goods" [notification No. 16/2009-CE(NT)].

Rule 3(5B) of Cenvat Credit Rules, 2004 is being amended, so as to provide that a service provider shall pay back the amount of credit taken on inputs/capital goods fully written off [notification No. 16/2009-CE(NT)].

Rule 6(3) of the Cenvat Credit Rules, 2004 is being amended, so as to reduce the amounts to be paid on clearances of exempted goods and on provision of

exempted services, from 10% to 5% in case of Central Excise and from 8% to 6% in case of service tax respectively [notification No. 16/2009-CE(NT)].

Amendments in Works Contract Rules, 2007

Amendment in Rule 3:

Explanation of Rule 3 of Works Contract Rules, 2007 is being modified, so as to allow the benefit of optional composition scheme only where the gross amount charged for the works contract shall include the value of all goods and service used in or in relation to the execution of the works contract, whether supplied or provided under any other contract for a consideration or otherwise.

But it will exclude the value added tax or sales tax as the case may be paid on transfer of property in goods involved and the cost of machinery and tools used in the execution of the said works contract except for the charges for obtaining them on hire

This restriction would not apply to the current works contracts where either the execution has commenced or any payment been made on or before 07.07.2009 [refer notification No.23/2009-ST dated 07.07.2009].

Exemptions from levy of Service Tax

- Exemption from service tax on services provided by tour operator having a "Contract Carriage Permit" for inter-State or intra-State transportation of passengers, excluding tourism, conducted tours, charter or hire service.
- Exemption from service tax (leviable under Banking and other financial services or under Foreign exchange broking service) being provided to inter-bank purchase and sale of foreign currency between scheduled banks.
- Two taxable services, namely, 'Transport of goods through road' and 'Commission paid to foreign agents' to be exempted from the levy of service tax, if the exporter is liable to pay service tax on reverse charge basis.
- Export Promotion Councils and the Federation of Indian Export Organizations (FIEO) to be exempt from service tax on the membership and other fees collected by them till 31st March 2010.

Scope of Specified Taxable Services amended

Service Category	Amendment
Stock Broker Service	To exclude the services provided by "Sub-Broker" from the purview of taxable services provided by "Stock Broker"
Information Technology Software Service	In items (v) and (vi), to replace the word "acquiring", by the word "providing" w.e.f 16-05-2008
Business Auxiliary Service	Those processes which result in the manufacture of excisable

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- Tax Liability in respect of MAT has been increased from 10% to 15% of book profit. Further It shall be increased by surcharge of 10% of tax in case Total Income under provisions of MAT exceeds Rs. 1.00 crore.

Tax	Total Income under MAT Upto Rs. 1.00 crore	Total Income under MAT exceeds Rs. 1.00 crore
Rate of Tax	15.45%	16.99%

- However the credit for Tax paid under MAT regime shall be allowed to be carried forward for subsequent tenth assessment years. Further the assessee has to add provision for diminution in value of assets debited to P & L account in computation of book profit. Hence assessee has to pay more MAT in case it makes provisions for bad debts since this is to be added in book profit and tax is to be paid thereon. This amendment was brought to reverse the decision of Apex Court pronounced recently in favour of assessee.
- Fringe Benefit Tax has been abolished from the A.Y.2010-2011.
- Rate of taxation in respect of Companies / firms remain unchanged.

Tax Benefit

- Definition of Manufacturing has been provided to include that new and distinct product should come in to existence with a different chemical composition or integral structure. This definition will restrict the deduction available under different provisions with regard to manufacturing of goods since many courts held that manufacturing includes processing. Now this definition will restrict the deduction to manufacturing test being satisfied.
- It has been decided to extend the benefit of deduction u/s10A /10B in respect of profit derived from undertaking set up under free trade zone/ 100% export oriented undertaking up to A.Y. 2011-2012. Earlier it was to be allowed upto A.Y.2010-2011.
- Tax benefit for units set up in SEZ area will be enhanced marginally in view of fact that turnover of units will be considered instead of turnover of assessee while working out deduction under proportionate method.
- Tax benefit for electricity companies when unit is set up upto 31/03/2010 was available u/s80IA of the Act. Now the date for setting up unit has been extended to 31/03/2011.
- Scope of deduction u/s 80IB (10) of the Act with reference to profits of builders are restricted since builders can not allot the more than one residential unit to individual or his relative as specified in this section.

Deduction

- It has been proposed to allow a deduction of entire

capital expenditure except land, goodwill or financial instruments in respect of cold chain facility, warehousing facility for storage of agricultural produce and laying and operation of gas pipe line business activity.

- Simile of transfer of such capital assets or being demolished, any sum received/ receivable thereon shall be chargeable to tax since entire expenditure is proposed to be allowed.
- Further the cost of such capital assets in case of slump sale shall be taken to be nil in computation of net worth of undertaking in case of sale of such business. Loss suffered from such eligible business shall not be set off from any profit of other business activity and it will be allowed to be carried forward to set off against the eligible business as aforesaid.
- Benefit of weighted deduction of 150% of expenditure, in case incurred for Research & Development has been extended to all business engaged in manufacturing or production of articles except those specified in eleventh schedule.
- CTT has been abolished. As a natural corollary, it has been decided to withdraw CTT as business expenditure.
- It has been decided to do away with different limit for allowability of partners' remuneration in case of working partner for professional firm and other firm. Now uniform limit for all partnership firm has been provided as under. It is therefore necessary to amend the deed of partnership with reference to clause of remuneration to partner in order to align with new rate as aforesaid.

On the first Rs. 3.00 lacs book profit or in case of loss	Rs. 1.50 lacs or at the rate of 90% of book profit which ever is more
On the balance of the book profit	60% of balance book profit

- It has been decided to increase the limit of cash expenditure up to Rs. 35,000/- in a day w,e,f . 01/10/2009. Accordingly the cash expenses in excess of Rs. 35000/ after 01/10/2009 shall be disallowed in the computation of income under the head of business.
- Now it is proposed to deny the deduction to the assessee under section 10A, 10AA, 10B, or 10BA or chapter VIA if the assessee fails to make claim in the return of Income.
- It has been decided to allow deduction to companies in case they make donation to electoral trust.

Presumptive Taxation

- New presumptive based taxation scheme is proposed to be introduced for individual/ HUF and partnership firm except LLP when turnover does not exceed Rs. 40.00 lacs w.e.f A.Y. 2011-2012.
- In this scheme, the eligible assessee is required to

declare 8 % of turnover as income from business and no deduction shall be allowed except the remuneration from partners as permitted under the law.

- If assessee does not offer 8% of turnover as income, he is required to maintain books of accounts and get his account audited under section 44AB popularly known as tax audit from chartered accountants.
- It has been decided to increase the presumptive income being Rs. 5000/- per month in case of heavy goods vehicle and Rs. 4500/- per month in case of other than heavy goods vehicle in case the assessee is engaged into plying /hiring of vehicle and he does not own more than one vehicle. This amendment shall be effective w.e.f. 2011-2012.

Capital Gain

- At present, if assessee sells immovable property being capital assets, the consideration as adopted or assessed by the stamp authority or consideration as per agreement which ever is higher is taken as total sale value. Now it is decided to include the term as assessable value of property for stamp duty purpose shall also be taken. This was done since some decision from tribunal has gone in favour of assessee that if agreement is not registered the value as per stamp authority can not be substituted as consideration. In order to negate the fallout of such decisions, this amendment is proposed to be made.

Gift

- It has been decided to bring within the tax net gift of moveable and immovable property which is received without consideration or inadequate consideration in excess of Rs. 50,000/- from any person except relative as defined in the explanation to section 56 (2) (vi) of the Act w.e.f. 01/10/2009.

Taxation of Limited Liability Partnership (LLP)

- It is decided to have taxation system for LLP as prevalent for partnership firm. It is therefore desirable to have LLP in place of companies in case of small and medium business house since LLP taxation regime is more efficient in view of the fact that MAT and

Dividend distribution tax is not chargeable for LLP and entire profit distributed among partners are tax free in the hands of partners.

Assessment/ Re assessment

- It has been decided to include safe harbour rule in the assessment of Transfer pricing. It is also proposed that if two ALP is determined by the most appropriate method, the arithmetical mean of such price shall be taken to be ALP. Further if variation between the transaction declared by the assessee and value adopted by the A.O. does not exceed 5% , then price declared by the assessee shall be taken to be ALP in case of transfer pricing assessment.
- It is proposed to start new mechanism in the assessment in case of transfer pricing assessment and assessment relating to foreign companies in which Dispute Resolution panel will look into cases in case A.O. did not agree with the contention of the eligible assessee. A.O. has to follow the proposed steps as envisaged in the new section 144C of the Act. The appeal against the order passed by the Dispute Resolution panel lies with the Tribunal.
- It is proposed to expand the scope of re assessment in case assessment is reopened on the ground that income has escaped assessment. The A.O. can make addition on any issue which comes to his notice during the course of re assessment even if they are not related to the reasons recorded earlier for re assessment.
- It is proposed to serve the notice by courier or email. Such service of notice shall be valid.

Penalty

- It is decided to levy concealment penalty for search case initiated after 01/06/2007 in case the assessee declares any income for the earlier assessment years for which he has already filed return or time for filing return has lapsed, the income declared for such years shall be deemed to be income for which he has furnished inaccurate particulars of income and penalty ranging 100% to 300% on tax sought to be evaded shall be leviable. ■

also being removed.

- In case, where the total refund claim does not exceed 0.25% of the total FOB value of the exports under a claim, a self-certification by the exporter on the invoice, bill or challan, to the effect that the eligible services have been received by the exporter; the service tax payable thereon has been reimbursed by the exporter, and such services have been used for the export, would be sufficient. The refunds shall be granted within one month without any pre-audit.
- In cases, where the amount of refund claim exceeds 0.25% of the FOB value of exports, the invoice, bill or challan submitted by the exporter should be certified by the Chartered Accountant, who audits his annual accounts. On the basis of such certification, the refund claim shall be sanctioned by the department within one month, without any pre-audit. ■

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	goods (as defined in Central Excise Act) are excluded from the purview of Business Auxiliary Service.
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Changes in the scheme for refund of service tax to the exporters of goods:

A) Notification No. 17/2009-ST dated 07.07.2009: Superseding notification No.41/2007-ST dated 06.10.2007, a revised refund scheme is being brought into effect under notification No.17/2009-ST dated 07.07.2009. The salient features of this scheme are: -

- Terminal handling charges' is being added in the list of eligible services.
- The time period for filing refund claim is being increased to one year from the date of export. The condition for filing refund claims once in a quarter is



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