

Notification No. 27/2016-ST dated 26.05.2016 (Reverse Charge and KKC) June, 03rd 2016

Vide Notification No. 27/2016-ST dated 26.05.2016, it has been notified that w.e.f. 1.6.2016, wherever reverse charge mechanism is applicable in terms of Notification No. 30/2012-ST dated 20.06.2012, the same (reverse charge) shall be applicable mutatis mutandis for the purpose of Krishi Kalyan Cess.

Notification No. 28/2016-ST dated 26.05.2016

Vide Notification No. 28/2016-ST dated 26.05.2016, it has been notified in respect of KKC w.e.f. 1.6.2016 that -

- Where a taxable service is exempt under any notification / special order or Service Tax is otherwise not payable, such service shall be exempt from levy of whole of KKC
- KKC shall be leviable only on that portion / percentage of taxable service which is subject to Service Tax after availing abatement under Notification No. 26/2012-ST dated 20.06.2012.
- Value of taxable services for the purpose of KKC shall be determined as per Service Tax (Determination of value) Rules, 2016.

Notification No. 29/2016-ST dated 26.05.2016 (Rebate of KKC for Exports)

Vide Notification No. 29/2016-ST dated 26.05.2016, it has been notified that w.e.f. 1.6.2016, rebate of duty or Service Tax used in providing taxable services which are exported, under Notification No. 39/2012-ST dated 20.06.2012 shall also be available to Krishi Kalyan Cess (KKC).

Notification No. 30/2016-ST dated 26.05.2016 (Refund of KKC to Special Economic Zones)

Vide Notification No. 30/2016-ST dated 26.05.2016, it has been notified that w.e.f. 1.6.2016, developer of Special Economic Zones (SEZ) or a unit in SEZ under Notification No. 12/2013-ST dated 1.7.2013 shall be entitled to refund of Service Tax paid on specified services on which ab initio exemption is admissible but not claimed and amount distributed to it as per clause III (a) of Notification. Further, refund of KKC shall also be allowed like that of SBC by multiplying total Service Tax distributed to it by sum of effective rates of SBC and KKC and dividing the product by rate of Service Tax as per section 66B of the Finance Act, 1994.

Notification No. 31/2016-ST dated 26.05.2016

Vide Notification No. 31/2016-ST dated 26.05.2016, Rule 6 of Service Tax Rules, 1994 relating to payment of Service Tax has been amended w.e.f. 1.6.2016 to provide reference to rate of Service Tax as per section 66B insub-rule 7D of Rule 6 and to provide for option to pay Service Tax determined by multiplying total Service Tax liability calculated in terms of sub-rules (7, 7A, 7B or 7C) of Rule 6 by effective rate of KKC and dividing the product by rate of Service Tax specified in section 66B towards discharge of liability for KKC instead of paying KKC @ @ the specified rate (i.e. 0.50%). This option once exercised, will not be allowed to be changed in that financial year under any circumstances

Notification No. 28/2016-CE (NT) dated 26.05.2016

Vide Notification No. 28/2016-CE (NT) dated 26.05.2016, w.e.f. 1.6.2016, Cenvat credit on KKC shall be allowed to service provider. However, Cenvat credit of any duty shall not be utilized for payment of KCC but Cenvat credit in respect of KKC shall be utilized only towards payment of KKC.

Notification No. 29/2016-CE(NT) dated 31.05.2016

Vide Notification No. 29/2016-CE(NT) dated 31.05.2016, Central Government has notified Indirect Tax Dispute Resolution Scheme Rules, 2016, which shall come into force w.e.f. 1st June, 2016. These Rules are specifically meant for the Indirect Tax Dispute Resolution Scheme, 2016 which was specified under Chapter XI of the Finance Act, 2016. These Rules contains the Rules and forms for the Scheme as enumerated below :

Rule 2 Definitions of Form, Scheme etc.

Rule 3 Form of declaration under section 214(1) and manner of verification of declaration in respect of amount payable.

Rule 4 Form of reporting deposits made by declarant under section 214(3)

Rule 5 Form of Order under section 214(3)

Form 1[Rule 3(1)] Form of Declaration under sub section (1) of section 214 of The Finance Act, 2016 in respect of Indirect Tax Dispute Resolution Scheme, 2016

Form 2 [Rule 2(4)] Form of acknowledgement under sub section (2) of section 214 of the Finance Act, 2016 in respect of Indirect Tax Dispute Resolution Scheme, 2016

Form 3 [Rule 4(2)] Form of reporting the payment under sub section (3) of section 214 of the Finance Act, 2016 in respect of Indirect Tax Dispute Resolution Scheme, 2016

Form 4 [Rule 5(1)] Form of order of discharge of dues under sub-section (4) section 214 of the Finance Act, 2016.

CBEC Order / Instruction No. F No.1080/06/DLA/IDRS/2016 dated 1.6.2016 has clarified as follows:

The Indirect Tax Dispute Resolution Scheme Rules, 2016 has been notified by Notification No. 29/2016-CE(NT) dated 31st May 2016. These rules provide for the forms to be used for making the scheme operational. Following Forms have been prescribed by the said Rules:

- **Form 1, has been prescribed for making declaration under the scheme.**
- **Form 2, is the form in which the designated authority shall give the acknowledgement about the receipt of declaration by him. Once such an acknowledgement has been given by the designated authority, the proceedings before the Commissioner (Appeals) shall remain suspended for sixty days, and the Commissioner will not proceed any further with the appeal till expiry of said sixty days.**
- **Form 3, is the form to be filed by the declarant giving the details of the amounts deposited by him as required under the scheme. Declarant has to deposit the sums required to be deposited by him within fortnight of the receipt of the dated acknowledgement and report the details of deposit made within seven days of making the deposit to the designated authority.**
- **Form 4, is the form in which the said designated authority shall pass an order of discharge of dues in respect of the case before Commissioner (Appeals) for which the declaration has been made in Form 1.**

Commissioner will on receipt of the order in Form 4 from the declarant shall match the same with the copy received directly from the designated authority and shall remove the appeal from his pendency as being disposed off. Since the Commissioner (Appeals) has not decided on the issues raised in appeal, said disposal of appeal shall have no binding precedent value