

New Year Bonanza - New Simplified Scheme - For Refund of Input Service Tax used for Export of Goods

CA Amarpal M- 0971.710.5008

NOTIFICATION NO. 52/2011- ST DATED 30/12/2011 ISSUED BY CENTRAL GOVERNMENT IN EXERCISE OF POWER CONFERRED UNDER SECTION 93(1) FINANCE ACT, 1994

The Central Government has extended his warmth wishes of New Year 2012, with a gift vide Notification No. 52/2011 dated 30/12/2011, to the exporter of goods by providing the **simplified Scheme for refund** of service tax paid in service used for export of goods. The above notification was issued in supersession of earlier Notification No. 17/2009 dated 07/07/2009 issued by Ministry of Finance, amended from time to time.

History

Initially, the **exemption/refund concept of service tax paid** on services used for export of services was introduced by Notification No. 40/2007 dated 17/09/2007. Firstly, only 4 services relating to Port Services and Transport of such goods were prescribed in the said notification. Later, the scope of this notification was extended to 16 services by different notification issued in this connection.

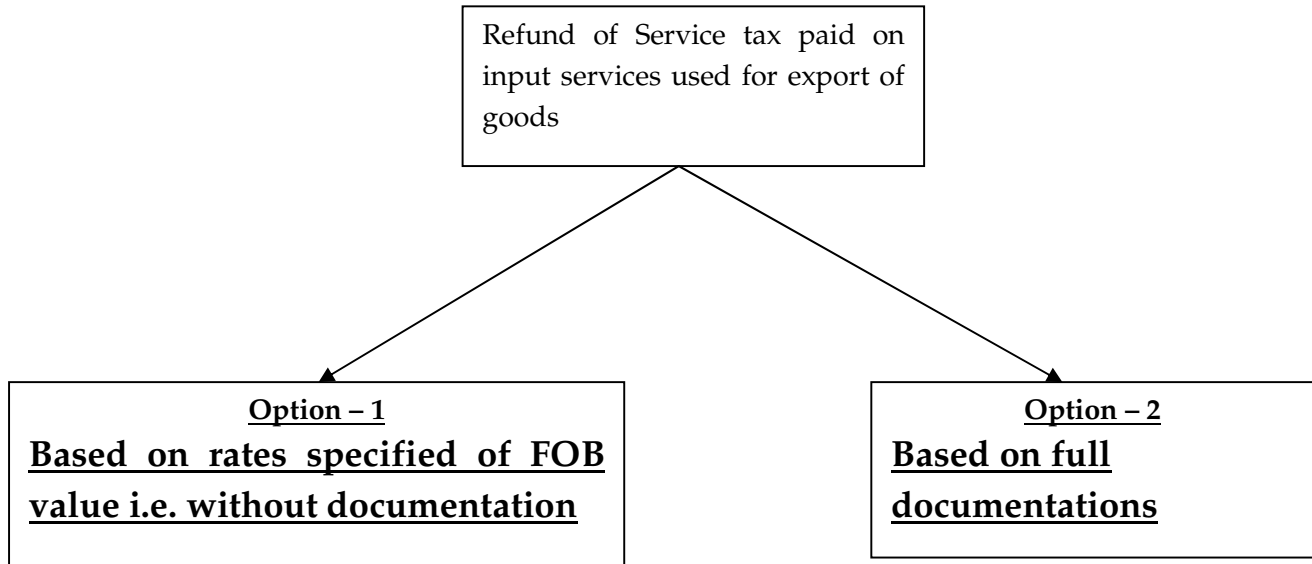
Benefits

Now, the Central Govt. overriding all the earlier notifications in this regard, vide Notification no. 52/2011 dated 30/12/2011, has come with new and simplified scheme for refund of service tax paid used for export of goods which provide for the following benefits:-

- (i) Two new services have been added to the list against which refund of service tax paid service can be claimed.
- (ii) New option of claiming for refund based on certain percentage of FOB value of exported goods without any documentation.
- (iii) Fast refund with minimum difficulties
- (iv) Simplified procedure for claim of refund

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Note:- The option can be different for different Bill of Export or Shipping Bill.

Option – 1 – Without Documentation

1.1. Quantum of Refund:

The amount of captioned refund shall be decided based on prescribed percentage of FOB of export goods. This percentage range is from Nil to 20 % of FOB value irrespective of actual amount of input tax paid in input services used for export of said goods.

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1.2. Prescribed Goods:

Goods falling under Approx. 288 Chapter or sub-heading of First Schedule to the Customs Tariff Act, 1975, (*prescribed under Schedule of rates of this notification*) have been specified which are eligible to avail this option.

1.3. Conditions for availing the option

- a. No CENVAT credit of service tax paid on the specified services used for export of the said goods has been taken under the CENVAT Credit Rules, 2004;
- b. the exemption shall not be claimed by a Unit or Developer of a SEZ;

1.4. Procedure to avail the option

- (i) Manufacturer-exporter, who is registered as an assessee under the Central Excise Act, 1944 shall register his central excise registration number and bank account number with the customs;
- (ii) Exporter who is not so registered under the provisions referred to in clause (i), shall register his service tax code number and bank account number with the customs;
- (iii) Service tax code number referred to in clause (ii), shall be obtained by filing a declaration in **Form A-2** to the ACCE or DCCE, as the case may be, having jurisdiction over the **registered office or the head office**, as the case may be, of such exporter;

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- (iv) The exporter shall make a declaration in the electronic shipping bill or bill of export, as the case may be, while presenting the same to the proper officer of customs, to the effect that –
 - a. The refund of service tax paid on the specified services is claimed as a percentage of the declared FOB value of the said goods, on the basis of rate specified in the Schedule;
 - b. No further refund shall be claimed in respect of the specified services, in any other manner, including on the ground that the refund obtained is less than the service tax paid on the specified services;
- (v) Service tax paid on the specified services eligible as refund under this exemption, shall be calculated by applying the rate specified for goods of a class or description, in the Schedule, as a percentage of the FOB value of the said goods;
- (vi) Amount so calculated as refund shall be deposited in the bank account of the exporter;
- (vii) Shipping bill or bill of export on which refund has been claimed on the basis of rate specified in the Schedule, is not eligible for refund claim on the basis of documents.

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Option – 2 – Based on Documentation

2.1. Quantum of Refund

Amount of input tax paid on specified services used for export of goods.

2.2. Specified Services

18 types of taxable services classified under different sub-clauses of clause (105) of Section 65 of Finance Act, 1994 (Service Tax Act) have been specified which are eligible for this option (*prescribed in the table in the said captioned notification*).

2.3. Conditions for availing the option

- a. No CENVAT credit of service tax paid on the specified services used for export of the said goods has been taken under the CCR, 2004;
- b. The exemption shall not be claimed by a Unit or Developer of a SEZ;
- c. The exporter claiming the exemption has actually paid the service tax on the specified service used for export of the said goods;
- d. The person liable to pay service tax under section 68 of the Service Tax Act on the specified service provided to the exporter and used for export of the said goods shall not be eligible to claim exemption for the specified service;
- e. Exemption by way of refund claimed by following this option, shall be subject to the conditions specified against the specified service in column (4) of the Table in the notification;

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2.4. Procedure to avail the option

- (i) The manufacturer-exporter, shall file a claim for refund of service tax paid on the specified service to the ACCE/DCCE, having jurisdiction over the **factory of manufacture** in Form A-1;
- (ii) The claim for refund shall be filed within **one year** from the date of export of the said goods;
- (iii) Where the total amount of refund sought under a claim is upto 0.25% of the total FOB value of export goods and the exporter is registered with the Export Promotion Council, Form A-1 shall be submitted along with relevant invoice, bill or challans etc, certified by proprietor or partner or director as the case may be.
- (iv) Where the total amount of refund sought under a claim is more than 0.25% of the total FOB value of export goods, the certification referred in point (iii) above, shall be made by the Chartered Accountant who audits the annual accounts of the exporter for the purposes of the Companies Act, 1956 or the Income Tax Act, 1961, as the case may be;
- (v) ACCE/DCCE, after satisfying with the documentation and other facts, shall suction the fund claim within **one month** from receipt of claim.

Note: - This note/analysis hav been drafted based on the personal interpretation of the facts/laws/notification in this regard. We shall not be responsible for any loss caused based on this interpretation.