

Bimal Jain

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Dear Professional Colleague,

Video Presentation:Rate of interest on delayed payment &increase in period of limitation for non-fraud cases under ST, Excise & Customs

Vide Union Budget, 2016, Interest rates on delayed payment of duty/ taxes across all indirect taxes is proposed to be made uniform at 15% per annum, except in case of Service tax collected but not deposited with the Central Government, in which case the rate of interest will be 24% per annum from the date on which the Service tax payment becomes due. The rate of interest on delayed payment of Service tax, Excise duty and Customs has been changed as follows:

Interest on delayed payment of Service tax under Section 75 of the Finance Act 1994 ("the Finance Act") is proposed to be applicable from the date of enactment of the Finance Bill, 2016

1. Collection of any amount as Service tax but failing to pay the amount so collected to the credit of the Central Government on or before the date on which such payment becomes due, in that case, the rate of interest shall be @ 24% per annum.
2. Other than in situations covered under serial number 1 above, the rate of interest shall be @ 15% per annum.

Further, in case of assesseees, whose value of taxable services in the preceding year/years covered by the notice is less than Rs. 60 Lakhs, the rate of interest on delayed payment of Service tax will be reduced by 3% i.e. effective rate of Service tax would either be 21% per annum or 12% per annum in above stated situations.

Furthermore, for the amount collected in excess of the tax assessed or determined under Section 73B of the Finance Act, 15% per annum rate of interest would be applicable as against 18% per annum.

Interest on delayed payment of Excise duty under Section 11 AA of Central Excise Act, 1944("the Excise Act")

The Central Government, effective from April 1, 2016, has rationalized the rate of interest to 15% per annum as against present rate of 18% per annum in case of delayed payment of Excise duty.

Interest on delayed payment of Customs duty under Section 28 AA of Customs Act, 1962("the Customs Act")

The rate of interest is also rationalized to 15% per annum, effective from April 1 2016, as against present rate of 18% per annum in case of delayed payment of Customs duty.

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Theabove stated changes, duly amended/ clarified by following Notifications as on date:

Notifications	Particulars
Notification No. 13/2016-ST dated 01.03.2016	Amended Section 75 of the Finance Act in order to provide for the change in rate of interest on delayed payment as under: <ul style="list-style-type: none">• Any amount collected as Service tax but not deposited, the rate of interest shall be @ 24%per annum,• In all the other cases, the rate of interest shall be @ 15%per annum.
Notification No. 14/2016-ST dated 01.03.2016	Amended Section 73B of the Finance Act which provides that where the amount collected in excess of the tax assessed or determined, the rate of interest would be 15%per annumas against present rate of 18%per annum.
Notification No. 15/2016-CE(NT) dated 01.03.2016	Amended Section 11AA of the Excise Act in order to rationalize the rate of interest to 15% per annum as against present rate of 18%per annum.
Notification No. 33/2016-Cus(NT) dated 01.03.2016	Amended Section 28AA of the Customs Act for the purpose of rationalizing the rate of interest to 15% per annum as against present rate of 18%per annum.
D.O.F.No. 334/8/2016-TRU dated February 29, 2016	Para No. 4.2(E) of the TRU letter provides for the amendment to be made in Section 75 of the Finance Act through clause 150 of the Finance Bill, 2016, as follows: <ul style="list-style-type: none">• <i>“Section 75 of the Finance Act is proposed to be amended so that a higher rate of interest would apply to a person who has collected the amount of service tax from the service recipient but not deposited the same with the Central Government”.</i> Further, Para No. 14 of the TRU letter provide as follows: <ul style="list-style-type: none">• <i>“Interest rates on delayed payment of duty/tax across all indirect taxes is proposed to be made uniform at 15%, except in case of service tax collected but not deposited with the Central Government, in which case the rate of interest will be 24% from the date on which the service tax payment became due. Notifications</i>

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	<i>under section 73B and section 75 of the Finance Act, 1994 are being issued accordingly”.</i>
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Increase in Period of limitation for issuing SCN for non-fraud cases under Service tax, Excise and Customs:

- **Changes proposed in Section 73 of the Finance Act vide clause no.149 of the Finance Bill, 2016**

Section 73 of the Finance Act is proposed to be amended to extend the limitation period for recovery of Service tax not levied or paid or short levied or short paid or erroneously refunded, for cases not involving fraud, collusion, suppression etc., from 18 months to 30 months. 5-year limitation period in case of fraud, etc., has not been changed.

- **Changes proposed in Section 11A of the Central Excise Act vide clause no.140 of the Finance Bill, 2016**

Section 11A of the Excise Act is proposed to be amended to increase the period of limitation from one year to two years in cases not involving fraud, suppression of facts, wilful mis-statement, etc.

- **Changes proposed in Section 28 of the Customs Act vide clause no.117 of the Finance Bill, 2016**

Section 28 of the Customs Act is proposed to be amended to increase the period of limitation from one year to two years in cases not involving fraud, suppression of facts, wilful mis-statement, etc.

The above specified period of limitation for issuing SCN for non-fraud cases under Service tax, Excise and Customs shall be effective from the date of enactment of the Finance Bill, 2016.

Now, in order to provide complete understanding of the above discussed provisions and corresponding changes brought vide above mentioned Notifications, Mr. Bimal Jain has recorded a video presentation titled **“Rate of interest on delayed payment & period of limitation for non-fraud cases under ST, Excise & Customs”**, for easy digest. The video also

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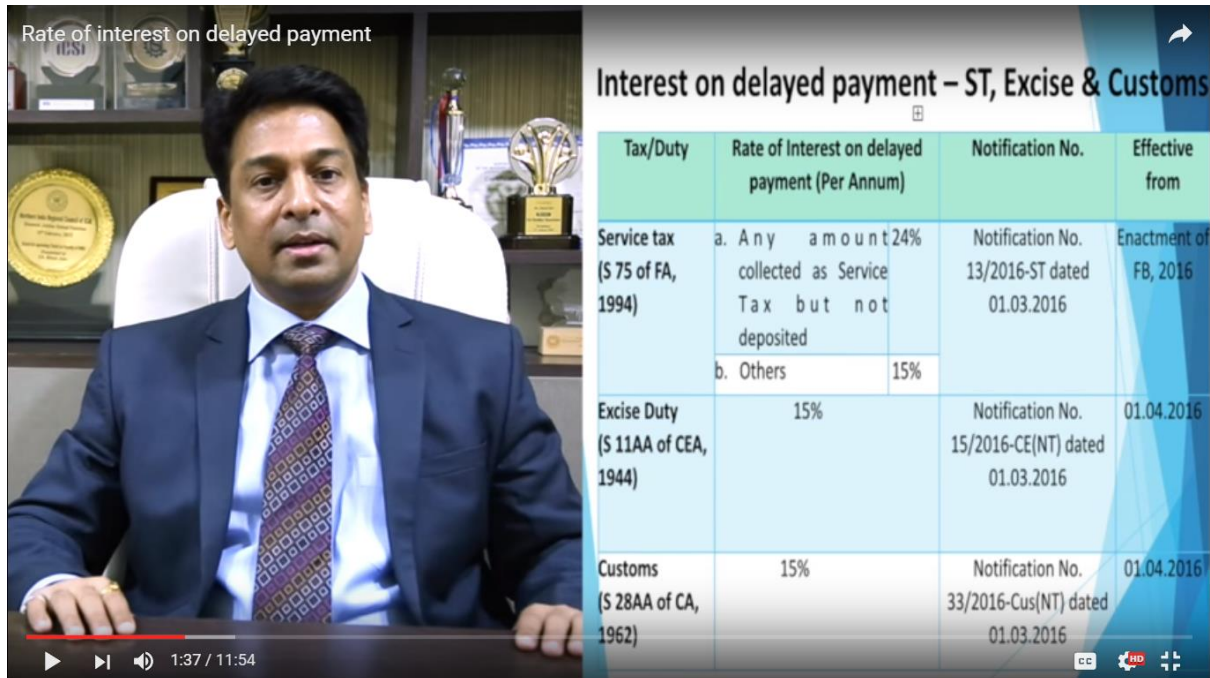
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captures the important changes with practical illustrations in PPT format, facilitating ease of understanding.

You may watch the video presentation by clicking on the link below:

<https://www.youtube.com/watch?v=pWBMo4v54cc>



Tax/Duty	Rate of Interest on delayed payment (Per Annum)	Notification No.	Effective from
Service tax (\$ 75 of FA, 1994)	a. Any amount collected as Service Tax but not deposited	Notification No. 13/2016-ST dated 01.03.2016	Enactment of FB, 2016
	b. Others		
Excise Duty (\$ 11AA of CEA, 1944)	15%	Notification No. 15/2016-CE(NT) dated 01.03.2016	01.04.2016
Customs (\$ 28AA of CA, 1962)	15%	Notification No. 33/2016-Cus(NT) dated 01.03.2016	01.04.2016

To access our earlier Video Presentation, please click the link below:

- **Video Presentation: Reverse Charge - POT &KrishiKalyan Cess**

https://www.youtube.com/watch?v=NU5_2iAMy3g

- **Video Presentation:Changes in Cenvat Credit Rules, 2004 vide Union Budget 2016**

<https://www.youtube.com/watch?v=8AfMeePYm-M>

- **Video Presentation: 'Any services' provided by Government or Local authority to a Business Entity chargeable to ST under Reverse Charge w.e.f. April 1, 2016**

<https://www.youtube.com/watch?v=AB0LpVkuoUY>

Hope the information will assist you in your Professional endeavours. In case of any query/information, please do not hesitate to write back to us.

Thanks & Best Regards

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