

OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE
No.1, WILLIAMS ROAD, TRICHIRAPALLI – 620 001.
Minutes of the meeting of the RAC held on 21.03.2006.

TRADE NOTICE: 8/2006

Dated : 23.03.2006.

The Regional Advisory Committee meeting of Trichy Central Excise Commissionerate for Organised, SSI and Service Tax Sectors was held on 21.03.2006 at 11.00 AM at Head Quarters Office, Trichy. **Shri. MATHEW JOHN, Commissioner of Central Excise**, Trichy chaired.

2. The following members of the Trade attended the meeting.

Sl.No.	NAME OF THE RAC MEMBER S/SHRI.	ASSOCIATION REPRESENTED
01	V. Parthiban,	Tamil Nadu Chewing Tobacco Manufacturers Association, Pudukottai. Thanjavur Division.
02	C. Basker,	Karur Industrial Estate Entrepreneurs Association, Karur. Karur Division
03	R.M. Bhairavan,	Karaikal Industries Forum, Nagore. Karaikal Division
04	N. Ramaprasad,	EID Parry India Limited, Pugalur Karur Division
05	M. Balraj	Handloom Export Cloth Manufacturers' Association, Karur. Karur Division
06	M. Sivakkannan	Karur Textile Manufacturers Export Association, Karur Karur Division
07	S. Abdul Rasheed	Trichy District Small and Tiny Industries Association (TIDITSIA), Trichy. Trichy – I Division
08	S. Punniya Moorthy	BHEL Small Scale Industries Association, (BHEL SIA), Trichy. Trichy – I Division
09	Subbu. V.	Airlines' Agents Association, Trichy. Trichy – I Division

3. The following Departmental Officers were present.
S/Shri.

- i) Pappu Elango, Additional Commissioner (P & V), Headquarters, Trichy
- ii) M.G.Thamizhvalavan, Joint Commissioner (Tech), Headquarters, Trichy
- iii) C. Anandan, Assistant Commissioner (Tech.), Headquarters, Trichy.
- iv) A.Rajendran, Assistant Commissioner, Trichy-I Division.
- v) V.P.Veluswamy, Assistant Commissioner, Trichy-II Division.

4. At the outset, the Chairman welcomed all the Members of the new Regional Advisory Committee and requested them to introduce themselves. After introductions, the following points were taken up.

Point No. 1 Relating to Central Excise raised by tobacco manufactures of Trichy I Division:

Consequent on issuance of Notification No. 09/2006, 11/2006 and 03/2006 during Budget 2006-07, AED (GSI) levied on Biris, Snuff and Branded Chewing Tobacco have been merged with BED and it comes now under a single account head. It has been brought to the Notice of the Department by the Trade that some of the assesseees have been maintaining balance amount in their PLA lying against AED (GSI) and SED after discharging duty for the month of February 2006. In this regard, a doubt has been raised by them as to whether the said balance amount in PLA can be utilized for the payment of duty under the head BED in the ensuing months.

Reply : As per Board's Circular No. 7/93 – CX. 6 dated 23.04.1993 issued from F.No. 202/1/1993 – CX.6, transfer of credit balance of unutilized amount of SED lying in PLA to BED may be permitted on account of the abolition of SED. Applying the same principle, transfer of credit balance of AED (GSI) may be allowed. Assesseees may give an application to the jurisdictional Assistant Commissioner, get permission and then transfer the amount.

Point No. 2 relating to Service Tax sponsored by Shri. R.M. Bhairavan, Karaikal Industries Forum, Nagore:

Whether periodical white washing and painting of factory premises at intervals of 2 to 5 years is subjected to service tax. If so, whether it falls under Commercial & Industrial constructions or cleaning service.

Reply :- The activity of white washing & painting of the factory is not covered under the services of cleaning activity. As per definition under Section 65 (25b), it is appropriately classifiable under construction of commercial or industrial complex service. Clause (d) in the definition given in Section 65 (25b) may be seen.

Point No. 3 relating to Service Tax sponsored by Shri. R.M. Bhairavan, Karaikal Industries Forum, Nagore:

Certain industries outsource the preparation and submission of ESI & EPF statements and pay charges based on the quantum of work. Is this charge covered under service charge. Does it get exempted based on revenue earning of the outsourcing party if his earning is less than 4 lakhs.

Reply :- In the Budget 2006, a new service “Business support services” has been introduced. The above said activities are covered under the said service. The said service will come into effect from a date to be notified.

Point No. 4 relating to Service Tax sponsored by Shri. R.M. Bhairavan, Karaikal Industries Forum, Nagore:

Whether supply of manpower by contractors towards production falls under Service Tax, if so the quantum of abatement for such contractors.

Reply : As per Sec 65 (68) amended w.e.f.16-6-05, “Manpower recruitment or supply agency means any commercial concern engaged in providing any service, directly or indirectly, or in any manner for recruitment or supply of man power, temporarily or otherwise, to a client”. Apart from recruitment of manpower, the supply of manpower temporarily or otherwise is also covered w.e.f. 16.06.2005. Therefore, the supply of manpower by the contractors falls under service tax. It may also be noted that the expression “commercial concern” will get substituted by “any person” when the amendments proposed in Finance Bill 2005 are given effect to.

As regards value of taxable service, No abatement of value has been provided for this service. As per Section 67, the value of any taxable service shall be the gross amount charged by the service provider for such service provided or to be provided by him. The gross amount charged for the taxable service shall include any amount charged towards the taxable service before, during or after provision of such service. However, the exemption up to gross value of Rs. 4 Lakh per year is available.

Point No. 5 sponsored by C. Baskar, President, Karur Industrial Estate & Entrepreneurs Association.

Whether the industrial units are eligible to avail CENVAT credit on Service Tax on marking fee charged by Bureau of Indian Standards.

Reply :- Credit on Service Tax paid on marking fee can be availed if it is an input service to the output service provider / manufacturer as defined in definition 2 (l) of Cenvat Credit Rules 2004.

5. The Chairman after discussing the above points, requested the members to use their good offices to enlighten the members of their associations regarding the following matters:

- i) 15 digit code of the assessee should be mentioned in TR 6 Challans to avoid waste of time in tracking payments
- ii) Central Excise Duty & Service Tax for the month of March / Quarter Ending March have to be paid before 31.03.2006 as per rules.
- iii) Default in payment of duty in the month of March 2006 may be avoided.
- iv) Tax compliance in Service Tax sector is not up to the expectations. The members may be sensitized regarding penalty and interest to be paid for non-payment of tax.

6. Finally, the Chairman requested the members to attend all the RAC meetings so as to have better interaction and thanked the gathering.

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Sd./xxxx
(M.G. THAMIZHVALAVAN)
JOINT COMMISSIONER (TECH)

To

As per mailing list II & III.

Copy submitted to: The Chief Commissioner of Central Excise, Coimbatore.

Copy to:- The Under Secretary, CBEC, CX-9 section, North Block, New Delhi.