

Customs

- Introduction of an electronic messaging system for electronic Delivery Order, instead of a paper based Delivery Order introduced.
- In order to increase coverage of digitally signed documents and subsequent phasing out of physical /manual submission of documents, Board has enabled that all importers, exporters, shipping lines and air lines shall file customs documents under digital signature with effect from 01.01.2016. Wherever the customs documents are digitally signed, the Customs will not insist on the user to physically sign the said documents.
- Customs Clearance Facilitation Committee (CCFC) set up at every major Customs seaport and airport. At Central level, a 'Central Customs Clearance Facilitation Committee' under the chairmanship of Revenue Secretary has been set up to address the issue relating to Customs Clearance and infrastructure impacting clearance of goods.
- Single Window Project whereby electronic online message exchange system between customs and FSSAI, Plant and Quarantine, Textile Committee, Drug Controller established- to provide for speedier hassle free clearance.
This project includes:
 - ✓ Integrated declaration
 - ✓ Online clearances
 - ✓ Integrated risk management
- The online message exchange extended to imports at 13 Customs stations (Ports/Aiports/ICDs). Thereafter, it will gradually be extended to all other locations where the systems of FSSAI and DPPQ&S are operational.
- 24X 7 customs clearance facilities extended to 19 sea ports and 17 Air Cargo complexes.
- Deferred duty payment for select categories of importers and exporters. This provision will enable release of cargo without payment of duty, which shall enable speedier clearance and improved liquidity in hands of the businesses.
- Special Valuation Branches: The procedure for handling related party transactions and those involving special relationships completely revamped. Extra Duty Deposits waived and the provisions for renewal of SVB orders have also been dispensed.
- Warehousing: The system of physical control and locking of public & private warehouses by Customs to be dispensed and replaced with record based controls. The period of warehousing to be extended till de-bonding or consumption of goods in respect of EoUs/EHTPs/STPIs/Manufacturing Units under Customs Bond, such as ship building yards which shall reduce transaction costs and burden of documentation. Power for extending warehousing periods in respect of other classes of importers to be delegated to Principal Commissioner/Commissioner.

- The guidelines relating to valuation of second hand machinery revised. In order to achieve nationwide standardization, formats for certification by chartered engineers (Indian & Overseas) devised.
- Temporary Imports for exhibitions: Exemption notification issued for enabling temporary importation of goods for display/exhibition/demonstration. The requirement of ITPO certification dispensed. The revised process is simplified, predictable and reduces transaction costs.
- Under the India-ASEAN FTA, Rules for initiating investigations by DG, Safeguards issued.

Export Promotion (Drawback)

- 100% disbursement of Drawback electronically.
- Provisional payment of drawback to exporters pending fixation of brand rate.
- Full transferability of duty credit scrips to pay dues under all three indirect taxes.
- Exemption to payment of excise duty in the case of locally procured excisable goods against advance authorization, which shall improve cash flow of exporters.
- Owing to the difficulties faced by the trade in sealing of bulk cargo for exports under Bond, rules amended to grant exemption from self-sealing of bulk cargo for export.
- Electronic monitoring of export proceeds realization, which shall obviate need for submitting documentary evidence by exporters. As a measure of facilitation verification of export obligation discharge certificates limited to 5% cases.
- Installation certificates from private chartered engineers allowed.

II Central Excise

- Records can be maintained electronically and digitally signed invoices accepted.
- Facility of direct dispatch of goods by registered dealer from seller to customer's premises provided. Similar facility allowed in respect of job-workers.
- More than 50 technical issues on which there was sustained litigation resolved in the Chief Commissioner's Tariff Conference. For details refer CBEC website [Instructions dated 7th December, 2015 containing Annexure B of the Minutes of Tariff Conference held on 28th and 29th October, 2015].
- Time limit for taking CENVAT Credit of duty/tax paid on inputs and input services increased from six months to one year.
- E-payment of refunds and rebates through RTEGS/NEFT introduced.
- The provision restricting CENVAT credit to 85% under proviso to Rule 3(i)(vii) of Cenvat Credit Rule, 2004 deleted. Consequently ship-breaking units entitled to avail 100% credit of the CVD paid with effect from 01.03.2015 subject to provisions of Cenvat Credit Rule, 2004.

- Registration for factories operating through multiple premises falling within a range allowed.
- Requirement of self attestation of the transporter's copy by a manufacturer using digitally signed invoice discontinued
- Number of returns to be filed by a large manufacturer reduced from 27 to 13. ER-4, ER-5, ER-6 and ER-7 discontinued. One annual return prescribed for large manufacturers besides monthly return which would continue.
- Revision of return allowed in Central Excise.
- Rules for Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods simplified. The requirement of approval of application by central Excise officer discontinued.
- Procedure for fixation of input-output ratio for payment of rebate simplified. Now, the ratio can be fixed on the basis of a certificate from Chartered engineer without any need for verification by the Central Excise officer.
- Cenvat Credit rules amended to improve credit flows and reduce litigation. Key highlights are-
 - Rule relating to apportionment of credit between exempted and non-exempted goods and services simplified.
 - Input services credit flow from Input Services distributor to outsourced manufacturer allowed.
 - Maintenance of common warehouse for distribution of inputs and credit allowed.
 - Small capital goods below a minimum value to be treated as inputs.
 - Credit of inputs such as tools, capital goods such as water pumping station, wagons allowed.
- Interest rate on late payment of duty reduced to 15% from the present rate of 18% per annum.

III Service Tax

- 100 % e-payment of duty, permission to maintain electronic records, and acceptance of digital signatures.
- Online registration of new service tax assessee in 2 days.
- Granting provisional payment of 80% of the refund amount with 5 days in respect of service exporters, subject to fulfilment of certain conditions
- Interest applicable on outstanding taxes has been reduced to 15%. Only in cases where service tax has been collected by the assessee and not deposited shall interest, at a higher rate of 24%, be applicable.

IV Other Major changes

- Measures taken to further incentivize domestic MRO sector, simplify procedure for them and reduce compliance cost for the Civil Aviation and Shipping sector.

V Dispute Resolution

- Penalty provisions in Customs, Central Excise and Service Tax rationalised to encourage compliance and early dispute resolution.
- Instructions issued to withdraw all cases in High Court and CESTAT where there is precedent Supreme Court decision, against which no review is contemplated.
- Pre show cause notice consultation mandatory at the level of Principal Commissioner / Commissioner in all the cases where duty involved is above Rs 50 lakhs.
- The requirement of mandatory audit of units with prescribed periodicity based on duty payment done away with. Now the selection of units done based on scientific risk parameters which also takes into account past track record of the unit. Further, concept of integrated audit implemented in all the three taxes- as against three separate audits being conducted
- Instructions issued specifying the threshold for filing of Appeals by the department as Rs. 25 lacs, Rs. 15 lacs and Rs. 10 lacs before Supreme Court, High Court and CESTAT respectively. This is expected to reduce appeals and help in de-clogging of indirect tax matters in courts and CESTAT.
- Proceedings against the co-noticees to close where the proceedings against the main noticee has been closed.
- Prosecution proceedings in cases older than fifteen years involving duty of less than Rs 5 lacs to be withdrawn.
- For early settlement of disputes pending in appeal before the Commissioner (Appeals) as on 1st March, 2016, payment of tax dues along with interest and 25% of the penalty imposed by the adjudicating authority has been prescribed subject to certain conditions.
