

**LEVY OF
SERVICE TAX
ON
INDIAN
RAILWAYS-THE
OPPORTUNITIES AHEAD**

A PRESENTATION BY
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BROAD COVERAGE

- General scope of Service Tax coverage
- Tax implications on IR
- Gains expected through CENVAT Credit
- Strategy proposed to be adopted.

SERVICE TAX

- Introduced in 1994 with only 3 items @5%.
- Not an Act but a part of Finance Act
- Projected to be the highest contributing indirect tax.
- Accounted for 3% of Gross receipts in 2003-04
- To rise to 12% Gross Receipts in 2012-13
- Collection of Rs 1,24,000 Crores in FY. 2012-13
- Target of Rs 1,80,000 Crores in FY 2013-14

Service Tax

Modifications w.e.f –2012 :

(Service Tax-version 2.0)

- Comprehensive approach
- First time “Service” defined
- Introduced “negative list”
- “Declared” services
- “Mega exemption” List
- “Reverse Charge” introduced

•Definition of “Service”

(clause (44) of section 65B of the Act)

Service defined as:

- Any “Activity”(as defined)
- For consideration(quid pro quo important)
- Carried out by a person for another
- And includes ‘declared’ services
- Service tax would be applicable on any activity done for a consideration other than the specific exclusions

Taxable Services

- Services satisfying the definition of services
- Includes - Specified declared services
- Excludes - negative list of services
- Excludes - exempted services by notification –
Mega Notification

Service – Exclusions

Service does not include

- Any activity that constitutes only a transfer in title of goods or **immovable property** by way of sale, gift or in any other manner
- A transfer, delivery or supply of goods which is deemed to be a **sale of goods** within the meaning of clause (29) of Article 366 of the Constitution
- A transaction only in **money or actionable** claim
- Any service provided by **an employee to an employer** in the course of employment.
- **Fees** payable to a **court or a tribunal** set up under a law for the time being in force.

CONSIDERATION

- Consideration should be at the desire of the promisor
- Consideration can be given to/by third person
- Past consideration valid, if given at the desire of the promisor
- Forbearance or abstinence can be consideration
- Consideration need not be in money form

NON – MONETARY CONSIDERATION

- Supply of goods and services in return for provision of service
- Refraining or forbearing to do an act in return for provision of service
- Tolerating an act or a situation in return for provision of a service
- Doing or agreeing to do an act in return for the provision of service
- Eg A agrees to construct 3 flats for B on the land owned by B and in return B agrees to provide one flat to A without any monetary consideration.

Declared Services – Sec 66E [wef 1/7/2012]

- It covers some deemed services (eg works contract)
- To **avoid disputes**, deeming provision has been made to clarify that the service portion of such transactions can be taxed
- The activities specified as declared services do not encroach upon the area of deemed sales.
- Declared services have been specified with the intent of clarifying the distinction between deemed sales and activities related thereto which are outside the realm of deemed sales but qualify as a service.

Declared Services

- 1) Renting of immovable property(Retiring room tariff below Rs1000/- exempt ?).
- 2) Construction of the complex, building, civil structures or any part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration is received after issuance of completion-certificate by the competent authority. (Sale to Railway PSUs will be taxable)
- 3) Temporary transfer or permitting the use or enjoyment of any intellectual property rights.
- 4) The development, design, programming, customization, adaptation, up-gradation, enhancement, implementation of information technology software;
- 5) Agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act;

Declared services

- 6) Transfer of goods by way of hiring, leasing, licensing or in any such manner with out transfer of right to use such goods(Driver belongs to owner).
- 7) Activities in relation to delivery of goods on hire purchase or any system of payment by instalments.
- 8) Service portion in the execution of a works contract.
- 9) Service portion in any activity where in goods, being food or other article of human consumption or any drink (whether or not intoxicating) is supplied in any manner as a part of the activity

Negative list -Sec 66D

- Negative list of services means the services are **not taxable at all**.
- These are different from Mega exempted services.
- Exempted services or those, which are normally taxable, but exempted under notification issued by the government.

Negative list -Sec 66D

- Statutory activities (GRP and CRIS excluded?).
- Agriculture or agricultural produce related services.
- Activities which are under State list and hence cannot be taxed by the Central government.
- Basic education.
- Interest on loans and foreign exchange sale /purchase among banks/ authorised dealers).
- **Non-luxury transportation** of persons
- Manufacturing activity where Central excise state excise provisions apply.
- Renting for residential use.
- Some transportation of goods

Negative list -Sec 66D

- Notable inclusions in the negative list.
- Selling of space or time slots for advertisements other than advertisements broadcast by radio or television.
- Service by way of access to a road or a bridge on payment of toll charges
- Betting gambling or lottery.
- Admission to entertainment events or access to amusement facilities.
- Transmission or distribution of electricity by an electricity transmission or distribution utility.
- Funeral, burial, crematorium or mortuary services, including transportation of the deceased.
- Full list [negative list of services.doc](#)

POINT OF TAXATION

Sl.No	Date of Completion of Service	Date of Invoice	Date of payment received	Point of Taxation	Remarks
1	04-10-2011	20/4/2011	30/4/2011	20/4/2011	Invoice issued within 14 days & before receipt of payment
2	04-10-2011	26/4/2011	30/4/2011	04-10-2011	Invoice not issued within 14 days & payment received after completion of Service
3	04-10-2011	20/4/2011	15/4/2011	15/4/2011	Invoice issued within 14 days & but payment received before invoice
4	04-10-2011	26/4/2011	5/4/2011 (Part) & balance 25/4/2011	5/4/2011 for Part & 10/4/2011 for respective amount	Invoice not issued in 14 days & Part payment before completion & remaining later.

HOW TO IDENTIFY RAILWAYS' TAXABLE SERVICES?

(This is how the Tax Department would verify)

- Check your Sundry Debtors and booking of receipts under miscellaneous income, or income booked under any other head of income.
- Exclude all receipts or accruals on account of transactions in goods, be it final product, waste or scrap or occasional transactions in goods.
- Short-list the residuary transactions leading to receipt of money. These would be 'services' provided by you.
- Check also Mega Exemption Notification No. 25/2012-ST to ensure that your service is not exempt from service tax.

REVERSE CHARGE OF SERVICE TAX

- Ordinarily, provider of service liable to pay tax u/s 68(1). Reverse charge is a carved out **exception**.
- Reverse charge – originally, only **service recipient** deemed to be the assessee.
- Now, in some cases, both service provider and recipient held liable to pay service tax. – **Joint charge**
- Cenvat Credit cannot be utilized for payment of service tax, on reverse charge, as a recipient of service. Shall be paid in cash
- Persons liable to pay tax as recipients of services defined both under Rule 2(1)(d) of the Service Tax Rules, 1994 and Notification No. 36/2012-ST, dated 20.06.2012.

REVERSE CHARGE DISTRIBUTION OF LIABILITY TO PAY TAX

- Only services provided to business entities are subject to reverse charge of tax
- Recipient of service alone liable in following cases:
 - Insurance agent's service.
 - Goods Transport Service.
 - Sponsorship service.
 - Arbitral Tribunal
 - Legal services by individual/firm of advocates to Business Entity
 - Support services by Government or local authority to Business Entity
 - Renting of Vehicles – tax paid on abated value,
 - Service received by person located in taxable territory from person located outside the taxable territory

JOINT CHARGE OF SERVICE TAX- PARTIAL REVERSE CHARGE

Services when provided by Individual / firm / partnership / HUF including AOP both service provider and service receiver are made liable to pay tax as below:

	Description of service	% of tax payable by service provider	% of tax payable by service recipient
1	Hiring of Motor Vehicle with abatement	NIL	100%
2	Hiring of Motor Vehicle without abatement	60%	40%
3	Supply of Manpower in any manner	25%	75%
4	Services in execution of works contract	50%	50%

WORKS CONTRACT

What is a works contract?

Means “a contract wherein transfer of property in goods involved in the execution of such contract is leviable to tax as sale of goods **and such contract is for** the purpose of carrying out construction, erection, commissioning, installation, **completion, fitting out,** repair, maintenance, renovation, alteration of **any movable or immovable property** or for carrying out any other similar activity or a part thereof in relation to such property.

Service portion in the works contract is declared as a “service” in terms of section 66E of the Finance Act, 1994 (as amended in 2012).

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Service portion in the works contract is declared as a “service” in terms of section 66E of the Finance Act, 1994 (as amended in 2012).

RAILWAY CONTRACTS

- As per negative list, if you are doing original works for Indian Railways, tax is exempted.
- No exemption for cleaning and maintenance.
- Pay either service tax if segregated or **composition schedule** (4% of gross amt charged for works contract).

CENVAT CREDIT

- To remove cascading effect.
- Input Taxes deducted from output taxes.
- Capital goods, Input goods and Input services considered.
- All Union imposed taxes (ED, Service taxes, WCT, ED of Customs Duty etc) considered for Credit.
- Exclusion of certain items such as duties on Petroleum products.
- Cenvatable document mandatory for availing credit.
(Tax Regn no, break-up, invoice to be in beneficiary's name)
- Apportionment of common items based on acceptable principle.
- Capital goods will be fully CENVATABLE.

CENVAT CREDIT: HOW RAILWAY CAN GENERATE ADDITIONAL INCOME

Example:

Railway's total taxable income: Rs 100

Service tax due: Rs12.36

Total Income collected (including service tax): Rs112.36

(A) Total Service tax collected: Rs12.36

(B) Service Tax payable to Dept :

Service Tax collected- Cenvat credit

ie., Rs12.36 – say Rs 10 = Rs 2.36.

Since Rs12.36 is collected and Rs 2.36 is actually paid to the department, the entire difference of Rs

10(cenvat credit) becomes an additional income(This can be up to Rs 3500crs for IR as presently estimated- This itself could result in 2-3% improvement in operating ratio.)

Implications on IR

SI No	Item	Revised Grant(FY 12-13)(In Rs Crs)
1	Earnings	
1(a)	Passengers	32,500
1(b)	Other Chg	3,083
1(c)	Goods	85,956
1(d)	Sundries	4,096
	Total	1,25,635
2.	Ordinay Working Expenses	84400
3.	Pension	20,000
4.	Annual Plan(Capital,DRF,DF)	52,265

Service Tax could be up to Rs 3500crs for IR as presently estimated-
Full CENVAT credit could result in 2-3% improvement in operating ratio.)

INPUT SERVICE DISTRIBUTOR FOR CENVAT CREDIT

1. The credit distributed against the document should not exceed the amount of service tax paid;
2. Credit of service tax attributable to the unit engaged exclusively in the manufacture of exempted goods or engaged in providing exempted service shall not be distributed;
3. Credit of service tax attributable from any services used in the specific unit shall be distributed only to that unit;
4. Credit of service tax attributable from services used in more than one unit shall be distributed on pro-rata basis of the turnover during the relevant period

LEVY OF SERVICE TAX ON SERVICES OF INDIAN RAILWAYS

- In compliance of Provisions of Finance Bill 2010 (FY 2009-10 and subsequent notifications).
- Effective From 01.10.2012
- Total Financial Implications of Aprox. Rs.3500 Crs.
- Can provide opportunity for additional revenue by availing of CENVAT credit.

LEVY OF SERVICE TAX ON SERVICES OF INDIAN RAILWAYS – FREIGHT

- 70% Abatement allowed – 30% of Total Chargeable Freight Inclusive of all charges (Busy Season Charges, Development Charges)
- Service tax of 12% on 30% of Freight equivalent to 3.6% of Total Freight Charges.
- Education Cess of 2% to be added (equivalent to 0.072% of Total Cess)
- Higher Education Cess of 1% on service tax will also be added (equivalent to 0.036% of total freight)
- Total Implication would be 3.708% of total Freight Charges.
- Certain Commodities exempted. (Petroleum Products, Agricultural Products, Food Stuff & Chemical Fertilizers etc.)
- Parcel can be treated as goods with same provisions applicable
- Input Credit Allowed

List of Goods Exempted from Service tax on freight through rail

Description of Exempted Commodity Group as per Not. No. 25/2012

Main Commodity Head:

Agriculture Produce

Cotton and other Textiles

Fodder and Husk

Food grains, Flours and Pulses

Fruits and vegetables

Groceries

Jute

Miscellaneous

Oil cakes and Seeds

Spices

Sugarcane and Bagasse

Foodstuff including flours, tea, Coffee, Jiggery, Sugar, milk products, salt and edible oil

Food grains, Flours and Pulses

Groceries

Defence or military equipment;

Chemical Fertilisers and Oilcakes

Chemical Manures

Oil cakes and Seeds

Note: According to Budget 2013(Applicable from 01-04-2013):-

Transportation of petroleum & petroleum products, postal mail & mail bags, household effects has been removed from the list of specified goods & their transportation has been made subject to service tax.

LEVY OF SERVICE TAX ON SERVICES OF INDIAN RAILWAYS – PASSENGER SERVICES

- Passengers travelling on 1st Class and AC Coaches
- 70% Abatement allowed as in freight
- Total Implication 3.708%
- Input Credit Allowed
- Concessional Tickets and PTOs – Service tax on 30% of total fare actually being paid by the passengers
- In case of refund of Tickets, service tax refund is now being permitted.

LEVY OF SERVICE TAX ON SERVICES OF INDIAN RAILWAYS – OTHER TRAFFIC RECEIPTS AND SUNDRY EARNINGS

- All services provided under the above would be taxable including Demurrage and Wharf age, Deposit work, medical services etc.
- Bill Board advertisements services are exempted.
- Works Contract Services (Deposit Work) – Tax payable at 25% with no CENVAT credit.
- Catering has 40% Abatement with Effective tax of 7.42%.
- For Shatbadi and Rajdhani Express catering is a bundled service. Passenger is paying service tax on full ticket.
- All renting, leasing, licensing services will be taxed including wagon haulage charges and O&M charges etc.
- Parking Charges levied at @ 12.36%. Auxiliary services are also taxed.

ACTION/ GUIDELINES REQUIRED IN THE FOLLOWING BILLING AREAS:

- For freight and fare, 100% FOIS, PRS and other IT modification to be ensured. 100% billing and reporting in presently manual areas to be ensured. Presently reported figures for Service Tax are way below over all projection.
- The number of taxable services other than freight and fare could run to over 50 with bills being raised by all departments. To map these after obtaining legal opinion for each.
- To review present agreements based on which Service Tax can be levied.
- To put in place a system of billing service tax based on accrual method.
- To put in a place a data flow system of timely conveying data to Tax paying official by 5th succeeding month and half yearly filing of returns.

Cenvat credit admissibility- Related issues

- As per notification there is no condition or restriction for availment of Cenvat credit.
- Hence Cenvat credit of Input, Capital goods, input services will be allowed to Railways .
- A separate IT based cell can be created by RB w.e.f 1.4.13 to run Service Tax operations of consolidation of CENVAT credit and tax and filing of return.
- Data flow for linking cenvat credit based on 'cash' to be made since 'adjustments' accountal will entail time lag.
- Data flow with in the zonal Railways across different units for timely payment by 5th of succeeding month/31st March for year end (PU-36 to be oprated for all expnditure and new PU created for expenditure on Service Tax).

ACTION/ GUIDELINES REQUIRED IN THE FOLLOWING CENVAT AREAS:

- To balance CENVAT Credits between surplus and deficit units, centralized registration can be made at Railway Board or by an ISD (Input Service Distributor) nominated. This is to be backed by IT based method of cenvat credit linking across all units. It is practised on all large organizations (eg, AirTel).
- A separate IT based cell can be created by RB w.e.f 1.4.13 to run Service Tax operations of consolidation of CENVAT credit and tax and filing of return.
- Data flow for linking cenvat credit based on 'cash' to be made since 'adjustments' accountal will entail time lag.
- Data flow with in the Zonal Railways across different units for timely payment by 5th of succeeding month/31st March for year end (PU-36 to be operated for all expenditure or a new PU created for expenditure on Service Tax).

Few indicative auxiliary services on which Service Tax is leviable

- Wagon Registration Fee(WRF)/Over loading penalty charges.
- Siding Trip Charges/Shunting charges.
- Parcel Leasing (of SLR/VP/AGE)
- Service charge received from IRCTC for booking e-tkt/i-tkt/mobile booking
- Interest Maintenance of sidings
- Staff cost
- Haulage Charges for private/PSU operators(IRCTC/CONCOR)/Empty Haulage Charges.
- Demurrage / Wharf age
- Terminal Charges/Private Freight Terminal Charges.
- Rail operator charges(CONCOR), STFO/Escorting charges
- Passenger Halt Contract Charges/Out Agency/CBA/Luggage Charges
- Military warrant/CRPF/CISF
- License fee from Pvt static/mobile contractors
- Car/Cycle Parking/ATM/PCO/Retiring room>1000/-/Book Stalls/Cloak room
- License fee from catering contractors
- Advance Payment Charges
- Deposit work
- Land Rent/way leave facilities/water connection.
- Leasing of commercial Land.
- Tower leasing charges
- Service part of Electrical installation
- Medical treatment to outsiders.

Few indicative large CENVAT credit sources

- ED paid to SAIL on procurement of Rails.
- ED paid on procurement of track fittings.
- ED paid to BHEL and others on procurement of Mechanical fittings
- ED paid on procurement of other stock and non-stock items.
- Service Tax of Composition Tax on any works tender(including Electrical and S&T tenders).
- Service tax paid on all Cleaning/Maintenance contracts(including station cleaning, bed roll contracts).
- Service Tax paid on vehicle and other hiring contracts.
- Service Tax paid to Airtel/RailTel on CUG/4-fibre maintenance.
- ED/Service Tax paid on all other procurement under different plan heads(Newlines/Gaugeconversion/Doubling, Signalling, M&P, Electrification, TRD, computerization etc).

Treatment of CENVAT credit on duty paid on Coaches and Locomotives

- Rakes (rail coaches and locomotives) and Tracks constitute the principal capital assets (goods) through which Indian Railways renders its output services of transport of passengers or goods.
- Rolling Stock Railways- Classifiable under Ch. Heading 86 of CETA and CH. Heading 86 of CETA is not one of the Tariff Headings specified under the definition of Capital goods given under Rule 2(a) of CENVAT Credit Rules.
- Hence, Indian Railways are not eligible to take credit on duty paid on coaches or locomotives. Nor are they eligible to take credit as inputs, as the definition of inputs specifically excludes any capital goods under its purview.

Treatment of CENVAT credit on duty paid on Track/Signalling systems

- Railway track / signaling system, they being attached to earth are like civil structure.
- Railways are not eligible to take credit on service portion of works contract as input services, because the definition of input service at clause (a) excludes service portion in the execution of a works contract and construction services in so far as they are used for –
- (a) Construction or execution of works contract of a building or a civil structure or a part thereof.
- (Excise Duty on stores contract for these, however, can be CENVATED).

FEW Individual ISSUES FOR LEGAL CLARIFICATIONS

- No service tax in the state of J&K (jurisdiction of consumption – How to operationalise both Tax and CENVAT credits?)
- Tax on Demurrage / Wharfage to be paid on imposition on accrual basis. (Treatment on full or partial waiver? Method of issue of credit note and refund from Dept?).
- Since we are finding difficult to file return by 25th April, whether we should apply for provisional assessment ?
- What would be NR's service tax liability based on a turn-over of Rs.11,000 crs (Estimated monthly liability of Rs 30crs per month against Rs 20 crs linked?)
- How is place of provision worked out for different services(eg, IRCTC bookings, passenger fined enroute)

A FEW KEY NR ISSUES FOR CLARIFICATION (CONTD.)

- Clear instructions for payment of Service tax on originating basis for freight and fare.(Credit to be taken on service tax on IRCTC Commission).
- Clear instructions on availment of CENVAT credit on all bills passed on cash basis and not as adjusted?
- Exempted Parcel business would have to be excluded.
- If you have not billed or service receiver has not paid, still liability to be linked subsequently and service tax paid to avoid penalty.
- Time bound implementation may be ensured since as per latest provision of Finance Act (Section 89 and 91), non-compliance/ non-payment of more than Rs 50 lacs could entail penalty up to NBW and imprisonment from 3 to 7 years.

CENTRAL ISSUES FOR CONSIDERATION

- Registration – to be centralized at Railway Board to avail cross CENVAT benefits of entities. We may have one code number with controlled units having different registration numbers.
- Structure and system to be put in place as to how the CENVAT credit will be passed on and balanced for optimal benefit .
- Complete data flow time lines among different entities for payment, filing of returns etc for each service tax to be mapped.
- Since ST payment is on accrual basis, close co-ordination required on many officials invoicing and payment authorities to avoid penalty(up to 200%-section 78) and interest(13% p.a-section 75).
- Method of accountal as CENVAT credit on ED on capital goods is available for 2 financial years @50% each year.

CASE FOR ENGAGING A PAN – INDIA IMPLEMENTATION PARTNER

(TAX CONSULTANT) FOR FOLLOWING DELIVERABLES:

- Listing(mandatory for ST-1 registration) and Comprehensive advice on each service tax for minimizing liability and maximizing CENVAT credit on pan-India basis through legal interpretation of the Act.
- Advice on Registration strategy for maximizing input credit.
- Mapping of all Bill raising and Bill paying units and creating detailed IT based matrix of data flow for each service tax payment and recommending allocation and operation of separate PU head.
- Preparation of detailed service tax manual and its subsequent updation for uniform application across all entities of IR (Bill Raising, Bill passing, Tax paying and return filing Authorities)
- Advice on payment of service tax based on accrual method, reverse charge etc.
- Advice on modification of all relevant Software (ITAS, E-Procurement, FOIS, PRS, UTS etc.) to ensure 100% tax collection and devising method of integrating CENVAT credit details for timely tax payment and filing of returns.
- Advice on integrating payment of Tax on manual RRs and under charges.

DELIVERABLES OF THE PAN – INDIA IMPLEMENTATION PARTNER (TAX CONSULTANT)

- 100% training of relevant Executive, Finance and IT personnel.
- Review and modification of all ongoing and future agreements with customers/service receivers for explicit mention of additional tax liability and also review of tender conditions/agreements to ensure passing of CENVAT credit with tax documents and also passing of CENVAT credit on third party procurement/collection of Service Tax.
- Doing an audit to ensure 100% payment on all taxable services and 100% recovery of all CENVATABLE expenditure.
- Accounting for taxable and non-taxable services.
- Design of a system which is compliant with GST regime under planning.

CENTRALISED ACTION POSSIBLY REQUIRED FROM RAILWAY BOARD

- May convey decision on centralized registration to optimize inter-railway CENVAT credit.
- Engagement of a Pan-India Consultant (e.g. RITES) with a time bound mandate.
- May issue instructions on operation of PU-36 to capture all EDs(stock/non-stock and revenue/capital heads) and creation of PU for Service Tax expenditure and methodology of availing CENVAT credit (cash or adjustment).
- May get approval of CBEC on mode of remittance. Monthly payment in lieu of challan, and system of reconciliation between payment and return figures acceptable to service tax assessing units (Income tax remittance arrangement has been serving the limited purpose of TDS purpose.)
- May stipulate a system of apportionment of CENVAT credit of input goods and services other than capital inputs against taxable and exempted services.

CENTRISED ACTION POSSIBLY REQUIRED FROM RAILWAY BOARD (contd)

- Listing of all Auxiliary services and uniformly notifying nodal officers at the level of Railway Board, Zonal Railway, Production Units, Divisions, Construction and Workshops etc – for each area of Bill Raising, Passing, taxpaying and return Filing and ST audit (due every year) purpose for each area of service tax..
- Approve Pilot scheme on one zonal Railway(Northern or any Rly?) for easy roll out.
- Plan and approve 100% training of all bill raising and passing officials, ST paying and return filing officials.
- Consider recruitment of specialized section officers (CAs) for manning taxation cells at least at Railway Board and Zonal Railway levels for CENVAT linking, overseeing payment/filing of returns.

CENTRISED ACTION POSSIBLY REQUIRED FROM RAILWAY BOARD (contd)

- To advise zonal Rlys and other units on maintenance of a ledger listing Service Tax collections for different services for payment, return filing and audit.
- To issue necessary instructions to CRIS/Units on modification of I-PAS/I-TAS to capture and generate CENVAT credit ledger.
- To make a reference to MOF to in future exclude through Mega exemption list some high volume and small value services like plat-form tickets in view of the practical difficulties in imposition.

INTERIM STRATEGY PROPOSED FOR NR

- Segregate our plan into two phases. Phase-I activity would consist of filing a return with available data by 25.4.13. There after, file revised return for FY-12-13 by 25.7.13 with all admissible CENVAT credit as listed and any service tax left out.
- Phase-II activity would cover centralized registration, planning and implementing return for FY13-14 onwards.
- For Phase-I, individual PHODs(CCM/PCE/CEE/CSTE/CMD) may kindly ensure comprehensive mapping of all taxable services billed and timely billing on accrual basis, collection and intimation to avoid interest/penalty. Unbilled service taxes w.e.f 1.10.13 may be billed immediately.
- They may ensure review of all existing agreements (purchase as well as sale of services).
- Individual PHODs may kindly ensure of passing of bills for payment in CENVATABLE form (ED from OEM or second stage registered dealer) to avoid revenue loss.
- A quick effort to be made through a team to assess the CENVAT credit likely to be available during FY-12-13(Stock and non-stock bills of SAIL/BHEL of Rs500 Crs identified).
- Issue of JPO
- For Phase-I, in view of tight timelines, approval for engagement of a Legal-cum- CA firm under SOP 12(d)-Works is requested. The agency would locally assist N.Railway on legal, procedural and CENVAT credit linking and assist in correct return filing in time.

Required Report and Information from the System for Filing Return :

Monthly Revenue Information.:

- Total Billing
- Billing with ServiceTax
- Billing without Service Tax
- **Service Tax Payable amount (on Invoice Raised)**
- **ServiceTax Payable amount (on Reverse Charge)**
- **Linkage of Invoice Raised with its collection**
- **CENVAT Credit Due (Vendor Invoices)**
- **CENVAT Credit Due (Reverse Charge)**
- **CENVAT Credit available for Utilization (Calculation)**
- **Monthly necessities entries to better compliances**
- **Reversal of proportionate CENVAT credit**
- **Set off entry of ServiceTax Payable A/C & CENVAT Credit utilised for the month**

THANKS