

TN – 7/2008 – CE(NT)

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**Government of India
Ministry of Finance**

**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE
No.1, WILLIAMS ROAD, TRICHIRAPALLI – 620 001.**

MINUTES OF THE MEETING OF THE REGIONAL ADVISORY COMMITTEE

TRADE NOTICE: 07 / 2008

Dated:02.04.2008

The Regional Advisory Committee meeting of Trichy Central Excise Commissionerate for Organised, SSI and Service Tax Sectors was held on 31.03.2008 at 10.30 hrs. at Head Quarters Office, Trichy. Shri Bhikhoo Ram, Commissioner of Central Excise, Trichy chaired the meeting.

02. The following members of the RAC & Trade attended the meeting.

S/Shri

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| 1. | J. Mohamed Gani | Tamil Nadu Scented & Chewing Tobacco Manufacturers Association, Pudukottai |
| 2. | L. Gnanaraj | District Chamber Of Commerce, Trichy |
| 3. | K.R. Giridharan | Thanjavur District Small And Tiny Industries Association |
| 4. | S. Punniya Moorthy | BHEL Small Scale Industries Association, (BHELSIA), Trichy. |
| 5. | Arunthangam | Karur Textile Manufacturers Export Association, Karur |
| 6. | R. Pannir Selvam | 100 % EOU |
| 7. | V. Alagappan | Institute Of Chartered Accountants, Trichy |
| 8. | S. Sridharan | The Tiruchirapalli District Small And Tiny Industries Association (TIDITSIA), Trichy |

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03. Shri. Arun Rebero, representing Contura Wheels (P) Ltd. also attended the meeting. Shri. R.M. Bhairavan, representing Karaikal Industries Forum and Shri. J. Gowri Shankar, representing Karur Vysya Bank Ltd. sent intimations regarding their inability to attend the meeting.

04. The following Departmental Officers were present.

S/Shri.

- 1) V. Manivaannan, Additional Commissioner, Trichy
- 2.) Smt. Bertsie Sundaram, Deputy Commissioner, Trichy II Division
- 3) A. Rajendran, Assistant Commissioner(Tech.), Hqrs., Trichy
- 4) C. Anandan, Assistant Commissioner (Legal), Hqrs., Trichy
- 5) K.R.. Parthasarathy, Superintendent, Service Tax Cell, Trichy
- 6) S. Manivannan, Superintendent, Technical, Trichy

05. At the outset, the Chairman welcomed all the Members of the newly constituted Regional Advisory Committee and explained them the objectives of RAC and requested them to actively participate in the proceedings. The following points were raised by members and replies were given.

CENTRAL EXCISE:**Point raised by M/s Contura Wheels (P) Limited, Kattur, Tiruchirapalli 620 019**

: M/s Contura Wheels (P) Limited, No. 9, Oil mill Road, Malayappa Nagar, Kattur, Tiruchirapalli 620 019 is an SSI unit availing exemption under Notification No. 8/2003 dated 01.03.2003 and was eligible for clearance of goods upto one hundred lakhs in the year 2006-07 for all goods falling under Chapter 84 which shall include export to Bhutan and Nepal vide Explanation under Para 5(G) of the Notification No. 8/2003 and 8/2006 as amended. The unit is eligible for simplified procedure for exempted units also. They have exported goods to Nepal during the financial year 2006-07 within their exemption limit of Rs. 100 Lakhs. But desired their privilege avail of exemption.

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Reply: - The issue raised by the assessee has been adjudicated by the Deputy Commissioner, Central Excise Division I, Trichy vide C.No.V/Ch.84/30/19/07-C.Ex. Adj. (Order No.03/2008) dt. 31.01.2008. The assessee has filed an appeal against this order with the Commissioner (Appeals), Trichy under A.No.46 dated 26.3.2008. As the matter is sub judice, it cannot be taken up for discussion in the RAC. It was also clarified that cases pending with appellate forum/court cannot be taken up in the RAC meeting.

SERVICE TAX:**1. Points raised by Shri R. Panner Selvam, Member**

i) Point : Central Excise may take it up with the Department concerned that Service Tax need not be collected from 100% EOUs dealing with Agro Products identified under SSI because the success of these units depends only on favourable weather which often fails.

Reply : As on date there is no exemption for payment of Service Tax by 100% EOUs.

ii) Point : The member has sought for clarification on reimbursement/ adjustment of Service Tax paid for other services like telephone/ liner charges while making payment of Service Tax.

Reply : Services specified in (i) Notification No. 41/2007-ST dated 6.10.2007 Viz. General Insurance, Technical Testing and Analysis, G.T.A from the ICD to Port (ii) Notification No. 42/2007-ST dated 29.10.2007 viz. Cleaning Services, Storage and Warehousing and (iii) Notification No. 3/2008 –ST dated 19.2.2008 viz. Courier, Port Services and the scope of G.T.A service have been extended from the factory premises to the Port instead of from ICD to Port. The above said services are eligible for refund subject to the conditions stipulated therein.

2. Points raised by Shri. Arun Thangam, RAC Member.

i) Point : The member representing Karur Textile manufacture Exporters Association had informed that they filed writ petition in the High Court contending that Service Tax is not payable on Overseas Agent's commission paid by the exporter on or after June 2006. In this case, the High Court has not granted stay, whereas the High Court has granted stay to one of the exporters who had been served with the SCN by the department. Whether the other members of the association have to pay Service Tax or not.

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Reply : The High Court Order Stay is applicable only to those petitioners to whom the stay is granted.

ii) Point : Whether Service Tax has to be paid on Lorry Freight paid to small transport operators who claim that their total revenue do not exceed Rs. 8 lakhs per annum vide notification No.4/2007-ST dated 1-3-07.

Reply : The persons falling under the categories specified in the Notification No.35/2004-ST dated 3-12-04 are liable to pay Service Tax. The exemption for small service provider as per Notification No. 6/2005-ST dated 1.3.2005 as amended is not applicable, since, the recipient of the transport of goods by road service is made responsible to discharge tax liability as per Rule Rule 2 (i) (d) (v) of Service Tax Rules 1994.

6. The meeting concluded with thanks from the chair

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Sd/-
(VASA SESHAGIRIRAO)
ADDITIONAL COMMISSIONER

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.

Copy to :File C.No. IV/16/02/2008- C.Ex. pol