



सीमा शुल्क, केन्द्रीय उत्पाद शुल्क व सेवा कर आयुक्त का कार्यालय,
OFFICE OF THE COMMISSIONER OF CU STOMS, CENTRAL EXCISE & SERVICE TAX
हैदराबाद - I आयुक्तालय, HYDERABAD -I COMMISSIONERATE
केन्द्रीय शुल्क भवन, लाल बहादुर स्टेडियम रोड, बशीर बाग हैदराबाद 500004
KENDRIYA SHULK BHAVAN, L B STADIUM ROAD, BASHEERBAGH, HYDERABAD- 500 004
☎ - 040-23212072 (Telefax)

व्यापार सुविधा सं. **Trade Facility No. 07/2012 (S.Tax.,)** दिनांक **Date : 16.07.2012**

सामान्य सं. General No.05/2012

केन्द्रीय उत्पाद व सीमा शुल्क बोर्ड, राजस्व विभाग, वित्त मंत्रालय, भारत सरकार, नई दिल्ली द्वारा जारी निम्नलिखित परिपत्र की प्रतिलिपियां सूचना, मार्गदर्शन और आवश्यक कार्यवाही हेतु संप्रेषित की जाती हैं।

Copies of the following Circular issued by the Central Board of Excise & Customs, Department of Revenue, Ministry of Finance, Government of India, New Delhi, are communicated herewith for information, guidance and necessary action.

क्र. Sl.No.	परिपत्र सं. / फ़ाइल सं. Circular No. / File No.	विषय Subject
01.	Circular No. 159/10/2012-ST, dated 19.06.2012 (F.No.354/89/2012-TRU)	Audit fees collected by the Comptroller and Auditor General(CAG)
02.	Circular No. Coord/13-6/H/A/cs/vol.VII/86	New accounting code for the purpose of Accounting of collection of Service Tax(in respect of all services)- Reg.

02. इस व्यापार सुविधा की विषय-वस्तु सभी संबंधितों की जानकारी में लाई जाए।
The contents of this Trade Facility may be brought to the notice of all concerned.

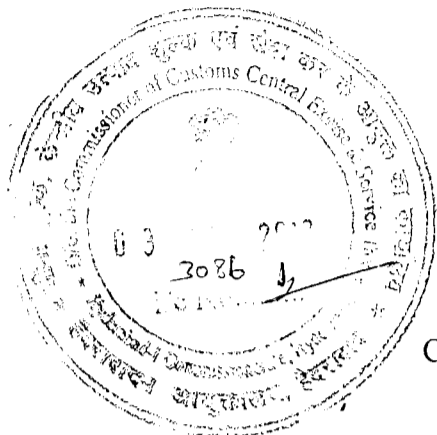
संलग्नक : यथोपरि
Encl: As above

(जी.ए. रामा राव G.A. RAMA RAO)
सहायक आयुक्त (तक)
ASST. COMMISSIONER (TECH.,)

प्रति To

वितरण सूची-I के अनुसार As per Distribution List-I

(फ़ाइल संख्या Issued from file C.No.IV/16/58/2012-C.Ex.,Tech.II/Hyd.I से जारी)



(b)

Circular No. 159/10/2012-ST

F.No.354/89/2012-TRU
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs
Tax Research Unit

Room No. 153, North Block,
New Delhi, 19th June, 2012.

To

Chief Commissioners of Customs and Central Excise (All)
Chief Commissioners of Central Excise & Service Tax (All)
Directors General of Service Tax/Central Excise Intelligence/Audit
Commissioners of Central Excise & Service Tax (All)
Commissioners of Service Tax (All)
Commissioners of Customs and Central Excise (All)

Madam/Sir,

Subject: Audit fees collected by the Comptroller and Auditor General (CAG)
- regarding.

A doubt has been raised whether service tax is leviable on the audit fees collected by the CAG for conducting directly, audit of corporations. Reportedly some field formations are inclined to take a view that such 'audit fee' collected by the CAG is leviable to service tax under the authority of the inclusive portion of the definition of "practicing chartered accountant" read with the relevant definition of the taxable service [Section 65(83) read with section 65(105)(s) of Finance Act, 1994].

2. The issue has been examined. The definition of the practicing chartered accountant in section 65(83) of Finance Act, 1994 reads as follows:

"practicing chartered accountant" means person who is a member of the Institute of Chartered Accountants of India and is holding a certificate of practice granted under the provisions of the Chartered Accountants Act, 1949 (38 of 1949) and **includes any concern engaged in rendering services in the field of chartered accountancy** [emphasis added].

3. According to the Law Lexicon [by Shri P. Ramanatha Aiyar] the expression "concern" means: "an organization or establishment for business". It further elaborates that the word "concern" is a mercantile term. CAG being a constitutional authority cannot be considered as a concern in the same manner as

a firm of chartered accountants. CAG is a constitutional authority and beyond the stretch of imagination be covered by the meaning of expression "conduct appearing in the definition of "practicing chartered accountant".

4. It is further added that the words "in the field of chartered accountants" would mean such services as are ordinarily rendered by a chartered accountant. The services of CAG are not services as are rendered by a chartered accountant even though both may be engaged in the sphere of the auditing. The scope of work of the CAG goes far beyond that of a statutory company auditor and is often carried out by persons who may not even be professional chartered accountants. The audits are done in terms of section 18 of the CAG (Duties, Powers and Conditions of Service) Act, 1971, which is entirely different from the powers vested in a chartered accountant under the Chartered Accountant Act, 1949.

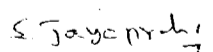
5. The services of CAG are also not covered by the heading Business Support Services specified in clause (zzzq) of section 65. When the business support services were taxed for the first time in the year 2006, the TRU circular states as follows:

"Business entities outsource a number of services for use in business commerce. These services include transaction processing, routine administration or accountancy, customer relationship management, tele-marketing. There are also business entities which provide infrastructural support such as providing instant offices along with secretarial assistance known as "Business Centre Services". It is proposed to tax all such outsourced services. If these services are provided on behalf of a person, they are already taxed under Business Auxiliary Services. Definition of support services of business or commerce gives indicative of outsourced services."

It is evident that this circular has clarified that the new service was meant to capture such services as are ordinarily outsourced by business entities. The activity is not an outsourced function but is carried out in statutory fulfillment of duties. Thus the services by CAG would also not be covered by the service heading "Business Support Service".

6. This circular may be communicated to the field formations and service assesses through Public Notice/Trade Notice. Hindi version would follow.

Yours faithfully


(S. Jayaprasad)
Technical Officer (TI)
Tel/Fax: 011-230920

MOST URGENT
SPEED POST

Coord/13-6/H/A/cs/Vol.VII/ 86
Office of the
Pr. Chief Controller of Accounts
Central Board of Excise & Customs
A.G.C.R. Building, 1st Floor,
I.P. Estate, New Delhi.

Dated: 02-07-2012

OFFICE MEMORANDUM

Sub: - New Accounting Code for the purpose of Accounting of collection of Service Tax (in respect of all Services) -reg.

Under the present accounting system, separate Minor Head is opened for each taxable services under Major Head "0044 – Service Tax" with 3 sub-heads for accounting of:

- (a) Tax Collection,
- (b) Other Receipts (like penalty/interest) and
- (c) Refunds.

But, under proposed negative list based comprehensive approach to taxation of services, it is not practically possible to use service-wise accounting code numbers. All collections made under Service Tax will require to be accounted for through One single Minor Head/sub-heads.

In this regard, new Head of Account under the Major Head "0044-Service Tax" as been opened by O/o the Controller General of Accounts vide Correction Slip No. 725 dated 29-06-2012 for accounting of service tax levied on all taxable services. Details of Head of Accounts and their accounting code are as under:-

Head of Accounts	Minor Head – All Taxable Services	Serial Code	SCCD Code
004400224010000	Sub-head – Tax Collection	00441089	112
004400224020000	Sub-head – Other Receipts	00441090	112
004400224030000	Sub-head – Deduct Refunds	00441094	118
004400224040000	Sub-head - Penalties	00441093	111

Note: A. *The Sub Head "Other Receipts" is meant for interest etc leviable on delayed payment of service Tax.

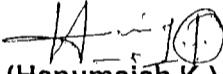
** The Sub Head "Deduct Refunds" is not to be used by the assesses, as it is meant for the Excise Deptt. while allowing refund of tax.

(check)

- B. Primary Education Cess on all taxable services will be booked under 00440298 and Secondary and Higher Education Cess will be booked under 00440426.
- C. Service Tax in respect of all services pertaining to the period 1st July, 2012 onwards will be booked under the above new accounting code.
- D. Service specific minor-heads will also continue to operate, side by side, for accounting of service tax under sub-heads pertaining to the past period till 31st March, 2014, where after existing heads will cease to operate. After 31st March, 2014, the arrears pertaining to the past periods would be accounted for under the new accounting code as above.

Eight digit reduced accounting codes (Major Head Serial Codes) as mentioned under column No. 3 may please be intimated to all the Commissionerates (Customs, Central Excise & Service Tax) with the advice to issue a Trade Notice for information of the assesseees.

Yours faithfully


(Hanumaiah K.)

Dy. Controller of Accounts

1. Dy. Controller General of Accounts, O/o CGA, Lok Nayak Bhawan, Khan Market, New Delhi.
2. Dy. Controller of Accounts, South Zone, Chennai.
3. Dy. Controller of Accounts, West Zone, Mumbai.
4. PAO (Revenue), CBEC, Kolkata as Co-ordinator for East Zone.
5. All Pay and Accounts Offices under CBEC.
6. Sr. A.O. Compilation Section.
7. AAO, EDP-I, Hqrs, CBEC for information and updation of the CBEC website.