

EXECUTIVE SUMMARY OF FINANCE BILL, 2017–SERVICE TAX

PARTICULARS OF AMENDMENT	CLAUSE(S) OF F. BILL, 2017	SECTION	AMENDED / NEWLY INSERTED	APPLICABLE W.E.F.	BRIEF OF AMENDMENT
Change in Negative List - Just document change - no impact of tax	120 & 121	65B & 66D	Amendment	Date enactment	The definition of 'process amounting to manufacture' [clause (40) section 65B] is also proposed to be omitted from of the Finance Act (Clause 120 of the Bill refers) and is being incorporated in the general exemption notification (Notification No. 25/2012-ST as amended by notification No 07/2017-ST, dated 2nd February, 2017 refers)
Change in Advance Ruling Authority	122	96A	Amendment	Date of enactment	Clause (d) of section 96A is being amended so as to substitute the definition of "Authority" to mean the Authority for Advance Ruling as constituted under section 28E of the Customs Act, 1962. Change to appoint Advance Ruling Authority constituted under 245O of Income Tax Act, as Advance Ruling Authority for Service tax.
Consequential change due to change in Advance Ruling Authority	123	96B	Omission	Date of enactment	Section 96B relating to vacancies not to invalidate proceedings is being omitted.
Increase in fees for Advance Ruling	124	96C	Amendment	Date of enactment	Section 96C is being amended so as to increase the application fee for seeking advance ruling from Rs. 2500/- to Rs. 10,000/- on the lines of the Central Excise Act.

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Time limit for pronouncing order by Authority	125	96D	Amendment	Date of Enactment	Sub-section (6) of section 96D is being amended so as to provide time limit of six months by which Authority shall pronounce its ruling on the lines of the Central Excise Act.
Transfer of pending cases	126	96HA	Insertion	Date of enactment	A new section 96HA is being inserted so as to provide for transferring the pending applications before the Authority for Advance Rulings (Central Excise, Customs and Service Tax) to the Authority constituted under section 245-O of the Income-tax Act from the stage at which such proceedings stood as on the date on which the Finance Bill, 2017 receives the assent of the President.
Exemption to services of Army, Naval and Air Force	No. 7/2017		New Exemption	02/02/2017	Services provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds by way of life insurance to members of the Army, Navy and Air Force under the Group Insurance Schemes of the Central Government is being exempted from service tax from 2 nd February, 2017.
Retrospective exemption to services of Army, Naval and Air Force	127		Retrospective	02/02/2017	Service tax exemption to taxable services provided or agreed to be provided by the Army, Naval and Air Force Group Insurance Funds by way of life insurance to members of the Army, Navy and Air Force under the Group Insurance Schemes of the Central Government, is being made effective from 10 th day of September, 2004, the date when services of life insurance became taxable

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Exemption to Viability Gap Funding	127		New Exemption	02/02/2017	Under the Regional Connectivity Scheme (RCS), exemption from service tax payable on services provided to the Government by way of transport of passengers, with or without accompanied belongings, by air, embarking from or terminating in a Regional Connectivity Scheme (RCS) airport, against the consideration of viability gap funding (VGF) payable to the selected airline operator for the services of, for a period of one year from the date of commencement of operations of the Regional Connectivity Scheme (RCS) airport as notified by Ministry of Civil Aviation.
Transfer of CENVAT Credit in case of shifting, sale, merger of factory	No. 4/2017		Amendment	Date of publication in official Gazette	A new sub-rule 4 is being inserted in Rule 10 of CENVAT Credit Rules, so as to provide that transfer of CENVAT Credit by the jurisdictional Dy./Assistant Commissioner of Central Excise, shall be allowed within 3 months (further extendable by another 3 months by principal commissioner) from the date of receipt of application from the manufacturer or service provider in this regard, subject to the fulfillment of the conditions prescribed under Rule 10 (3).
Reversal of Cenvat Credit	No. 4/2017		Amendment	Date of publication in official Gazette	<p>Explanation-I (e) applicable to sub-rule 3 and 3A of Rule 6 of CENVAT Credit Rules, 2004 is being amended so as to exclude banks and financial institutions including NBFCs engaged in providing services by way of extending deposits, loans or advances from its ambit.</p> <p>It has been provided in the said explanation that value for the purpose of reversal of common input tax credit taken on inputs and input services used in providing taxable and exempted services, shall not include the value of service by way of extending deposits, loans or advances against consideration in the form of interest or discount.</p>

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Exemption to IIMs	No. 25/2017		Amendment	02/02/2017	The exemption vide S. No. 9B of notification No. 25/2012-ST dated 20.06.2012, is being amended so as to omit the word "residential" appearing in the notification. The exemption remains the same in all other respects. S. No. 9B of notification No. 25/2012- ST exempts services provided by Indian Institutes of Management (IIMs) by way of two year full time residential Post Graduate Programmes (PGP) in Management for the Post Graduate Diploma in Management (PGDM), to which admissions are made on the basis of the Common Admission Test (CAT), conducted by IIM.