

## ***CBEC issues circular to grant partial refunds to service exporters***

November 13, 2015

### ***In brief***

The Central Board of Excise and Customs has issued circular no. 187/6/2015-Service Tax dated 10 November, 2015, providing for a speedy issue of refund of accumulated CENVAT credit to service exporters.

### ***In detail***

Key provisions of the circular are as under:

- The scheme is only applicable to pending refund claims of accumulated CENVAT credit filed on or before 31 March, 2015 by an exporter of service. Claims that have to be reviewed in terms of any remand by a higher authority are not covered.
- The exporter needs to submit a certificate obtained from its statutory auditor in the prescribed form along with an undertaking. Non-company exporters can obtain the certificate from any Chartered Accountant (CA).
- On receipt of such documents, the jurisdictional Deputy/Assistant Commissioner (DC/AC)

would be required to give a dated acknowledgement to the exporter. Subsequently, within five working days of the receipt of documents, the DC/AC would pay 80% of the refund claim on a provisional basis to the exporter.

- The refund claims would be verified as per the applicable norms. If any part of the refund is found to be inadmissible, a show cause notice would be issued for denial of refund claim (and recovery of refund already paid, where applicable).

### ***The takeaways***

This is a welcome step taken by the Board. However, obtaining additional certificate from statutory auditor/ CA by the exporter would be an additional burden on him, especially considering the details that are sought to be certified. The Board may consider further relaxing the scheme and doing

away with requirement of submission of further certificates, since the refund claims are in any case subject to verification by the department.

The Board has taken many steps in the past to resolve difficulties faced by service exporters in getting refunds. Broadly, these steps have not been effective. It remains to be seen how effective the latest measure would be.

### ***Let's talk***

For a deeper discussion of how this issue might affect your business, please contact:

#### ***Tax & Regulatory Services – Indirect Taxes***

Gautam Mehra, *Mumbai*  
+91-22 6689 1154  
[gautam.mehra@in.pwc.com](mailto:gautam.mehra@in.pwc.com)

Vivek Mishra, *Gurgaon*  
+91-124 330 6518  
[vivek.mishra@in.pwc.com](mailto:vivek.mishra@in.pwc.com)

## Our Offices

### Ahmedabad

President Plaza  
1st Floor Plot No 36  
Opp Muktidham Derasar  
Thaltej Cross Road, SG Highway  
Ahmedabad, Gujarat 380054  
+91-79 3091 7000

### Hyderabad

Plot no. 77/A, 8-2-624/A/1, 4th  
Floor, Road No. 10, Banjara Hills,  
Hyderabad – 500034,  
Andhra Pradesh  
Phone +91-40 44246000

### Gurgaon

Building No. 10, Tower - C  
17th & 18th Floor,  
DLF Cyber City, Gurgaon  
Haryana -122002  
+91-124 330 6000

### Bangalore

6th Floor  
Millenia Tower 'D'  
1 & 2, Murphy Road, Ulsoor,  
Bangalore 560 008  
Phone +91-80 4079 7000

### Kolkata

56 & 57, Block DN.  
Ground Floor, A- Wing  
Sector - V, Salt Lake  
Kolkata - 700 091, West Bengal  
+91-033 2357 9101/  
4400 1111

### Pune

7th Floor, Tower A - Wing 1,  
Business Bay, Airport Road,  
Yerwada, Pune – 411 006+91-20  
4100 4444

### Chennai

8th Floor  
Prestige Palladium Bayan  
129-140 Greams Road  
Chennai 600 006  
+91 44 4228 5000

### Mumbai

PwC House  
Plot No. 18A,  
Guru Nanak Road(Station Road),  
Bandra (West), Mumbai - 400 050  
+91-22 6689 1000

### For more information

Contact us at  
[pwctr.knowledgemanagement@in.pwc.com](mailto:pwctr.knowledgemanagement@in.pwc.com)

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