E- registrations, E- Payments & E- returns

in Service tax

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*Seminar on Procedural Aspects of Service tax*

On 29th August 2015 from 10 am - 11.30 am

AT

WIRC OF ICAI,

The Institute of Chartered Accountants of India

J.S. Lodha Auditorium, ICAI Bhawan, Cuffe Parade,

Colaba, Mumbai 400 005

**e- FILIN**G’s under **SERVIC**E **TA**X

1. ­Automation of Central Excise and Service Tax - **ACE**S

1.1. **BACKGROUND:**

Way back in 2003, CBEC has introduced the facility of electronic filing of returns for service tax from the month of April 2003. Initially, this facility was made available to ten service categories on an all India basis and it had been decided that it would be gradually extended to other services subsequently. Unfortunately, attempt of this automation was not successful.

Once again in November 2009, Board has introduced new centralized and web based software application (ACES) that provides electronic interface with the department to reduce paper work, visits to the departmental offices and improving transparency, accountability and efficiency in indirect tax administration in India. Currently ACES is launched successfully in all Commissionerates all over India. This automation is providing / will provide following facilities to the assessee:

1. a. Online registration and amendment of registration details;
2. b. Electronic filing of documents such as Returns , Refunds, Intimations and Permissions;
3. c. Online tracking of the status of applications , claims, and permissions; d. Online facility, to view documents like registration certificate, Returns, Show cause notice (SCN), Order ­in­ Original etc.;
4. e. Internal messaging system for faster communication;
5. f. Application accessible from anywhere, anytime (24x7) through the Internet;
6. g. Online authentication of PAN with the Income Tax database;

h. Online self learning tutorials (LMS), Users Manuals & FAQ's for help in using ACES.

i. Online payment of service tax.

1.2. **MODULE**S **I**N **ACES**: Presently there are 5 active modules are available in ACES which are as under :

1. a. **SDR**: **Disput**e **Resolutio**n **Modul**e Under this module assessee can create and maintain Portfolio of case’s such as Show Cause Notices, Personal Hearing Memos, Adjudication Orders, on line filing of Appeals with Commissioner (Appeals), Appellate Orders, Review and related matters.
2. b. **PRA**: **Provisiona**l **assessmen**t **Modul**e Under this module assessee can prepare the return and subsequently file or upload return in Form ST­3A electronically. Module also provides facility of viewing the returns filed by assessee.
3. c. **REF**: **Refun**d **Modul**e Under this module assessee can file application of refund claims online and can also view the status of refund claims, view E­-acknowledgement of refund application and orders passed by the department.
4. d. **REG**: **Registratio**n **Modul**e Under this module assessee can file application of registration and subsequently **amend** the certificate of registration if required. Moreover, assessee can also view the certificate of registration online. Even cancellation or **surrender** of registration is possible from this module.
5. e. **RET**: **Retur**n **Modul**e Under this module, assessee can prepare and file half yearly service tax returns. Further, revised return can also be filed through this module. Assessee can view all the returns filed by them.

1.3. **HARDWAR**E **AN**D **SOFTWAR**E **REQUIREMENTS**: For effective use of ACES, assessee must have following Hardware and Software support:

1. a. Processor: Intel Pentium II and higher;
2. b. RAM: 256 MB and higher;
3. c. HDD: 80 GB and more;
4. d. Web browser: IE 6.0 and above or Netscape 6.2 and above;
5. e. Sound card, Speaker / Headphone, color monitor for using Learning Management System (LMS).

1.4. **BENEFIT**S **T**O **TH**E **ASSESSEE**S

Following are some of the benefits to the assessee of E-­Governance:

1. a. Reduce Physical Interface with the Department;
2. b. Save Time;
3. c. Reduce Paper Work;
4. d. Online Registration and Amendment of Registration Details;
5. e. Electronic filing of all documents such as applications for registration, returns [On­line and off­line downloadable versions of ST3], claims, permissions and intimations; provisional assessment request, export­ related documents, refund request;
6. f. System­ generated E-­Acknowledgement;
7. g. Online tracking of the status of selected documents;
8. h. Online view facility to see selected documents;

1.5. **CERTIFIE**D **FACILITATIO**N **CENTR**E **(CFC)**: CBEC had set up ACES Certified Facilitation Centres (CFCs) with the help of professional bodies like Institute of Chartered Accountants of India (ICAI), Institute of Cost and Works Accountants of India (ICWAI) etc. These CFC’s provides a host of services to the assessees such as

1. a. Data entry of returns;
2. b. Data entry of forms other than returns;
3. c. Scanning of documents and conversion to PDF format;
4. d. Laser printing (B & W);
5. e. Uploading returns and other documents with ACES;
6. f. Attaching documents with e­-Form;  
   * + 1. For detailed FAQ on CFC kindly visit the following link ­
       2. **http://www.icai.org/post.html?post\_id=5737&c\_id=219**.

2. **REGISTRATION** [Section 69 & Rule 4 & Service Tax (Registration of special category of persons) Rules, 2005]

2.1. **PERSONS REQUIRING REGISTRATION & APPLICABLE TIME LIMIT:**

Section 69 of the Finance Act, 1994 read with rule 4 of Service Tax Rules, 1994 requires that every person liable to pay service tax must make an application for registration (in Form ST-1) to the Jurisdictional Superintendent of Central Excise / Service Tax. The person required to obtain registration is summarized in the chart given below:

Wherever new services are added or omitted, Service tax registration needs to be amended within 30 days via ACES site.

Rule 4 - Within 30 days from fresh levy to existing service providers- New service providers- taxable service – within 30 days of commencement

1 “aggregate value of taxable service” means the sum total **of first consecutive payments received during a financial year towards the gross amoun**t, as prescribed under section 67 of the Act, charged by the service provider **towards taxable services**

but does not include payments received towards such gross amount which are exempt from the whole of service tax leviable thereon under section 66 of the Act under any notification

other than Notification No. 6/2005-Service Tax, dated the 1st March, 2005

{ where exemption is provided from Service Tax if aggregate value of services not exceeding Rs. 10 lakhs}

2.2. **MULTIPLE / CENTRALISED REGISTRATION** [Rule 4(2)] Service tax registration is “qua premises” and not “qua assessee” unlike Income tax where single PAN is granted for all the premises. Separate application has to be made for registration of each premises from which taxable services are rendered. Even within single premises, if there are multiple firms, all of them have to be separately registered. Also, if an individual carries on the activity in two different names under sole proprietorship, both the proprietary concerns have to get separately registered. Where person liable to pay service tax (either provider or receiver of taxable service) from more than one premises and has a centralized billing systems or centralized accounting systems and such centralized billing systems or centralized accounting systems are located in one or more premises he may, at his option, register such premises or office where such centralized billing systems or centralized accounting systems are located.

2.3. **MULTIPLE SERVICES RENDERED** [Rule 4(4)] Where the same assessee provides more than one category of taxable service for one premises, he may apply for single registration for all the taxable service. Single application mentioning therein all the taxable services provided shall be sufficient. In case the assessee is already registered for one service but subsequently becomes liable for another category of service, then he has to get his registration amended so as to include for the other category of taxable service. The classification of services would be very important in this situation.

2.4. **CHANGES IN REGISTRATION CERTIFICATE** [Rule 4(5A)] At the time of registration assessee submits various details to the department like address of the premises, name of the authorized persons, constitution of the assessee, Name of the director/partner etc. if after granting of certificate any change happened in any details submitted by assessee in registration application than assessee has to mandatorily intimate such change to the Central Excise Officer within 30 days of the said change. If there is any change in name or place of the applicant, the registration certificate should be sent for necessary amendment within 30 days from the change. Moreover, if the change in the place also results in a change in the jurisdiction, an additional request for the transfer of credit should also be made.

2.5 Existing Service tax payer who does not have an Online User ID: Fill in a simple declaration form (Annexure 2) and submit to department. After receiving the same, department sends the email on the ID as given in declaration form. This email contains links to the site and a password and follow the procedure given in para 2.6 below. **TPI**N **GENERATIO**N

2.5. **TRANSFER OF BUSINESS [Rule 4(6)]** When a registered assessee transfers his business to another person than transferor shall surrender the registration certificate and the transferee shall obtain a fresh certificate of registration.

2.6. **REGISTRATION WITH ACES:** Every person is required to register with ACES before proceeding to ACES. Following types of persons needs registration with ACES:

1. a. New Assessee b. Existing Assessee c. LTU Assessee d. Non Assessee
2. a. **New Assessee:** In case of a new assessee, login to ACES at http://www.aces.gov.in and choose the Service Tax link as the case may be Submit the form "Registration with ACES", by furnishing a self-chosen user ID and e-mail ID. System checks for availability of the chosen User Id and generates a password. It will be sent to assessee e-mail from acesadmin@icegate.gov.in.

Login again and proceed with the registration with Service Tax as the case may be, by filling in Forms ST-1. For security reasons, change password immediately.

b. **Existing Assessee** In case of an existing assessee, fresh registration need not be taken with the department. Assessee will have to only apply to department and get itself registered with ACES. ( ANNEXURE-2)

A mail will be sent from acesadmin@icegate.gov.in to your e-mail ID, as available in the existing registration data base, indicating a TPIN and password. The mail will contain a hyperlink to the website, by clicking it you can proceed to register with ACES. On login into the site with the help of the TPin and password the assessee will make its own username and give password. This will be used for filing of return, amendment in registration & surrender etc

Many a times, assessee does not have PAN based service tax registration, in other words they are not registered under erstwhile system of SAP. In such a situation, ACES will not be able to send hyperlink to such assessee’s. In such case, assessee can either register themselves as a new user or they can fill “Declaration form” with the concerned Jurisdictional office and obtain the hyperlink. On submission of “Declaration Form”, ACES will send hyperlink containing TPIN (Temporary Personal Identification Number) and password. On receipt of such TPIN and password, existing user can register with ACES. The format of TPIN is t+9 digit number (e.g. t012345678).

Further, many a times, department do not have the correct or valid email ID of the assessee, in such a case, ACES would not be able to sent the hyperlink to the assessee though he is holding PAN based Service tax registration. In such a situation, assessee has to fill “Declaration Form” with the ACES and afterwards ACES will send the hyperlink to assessee.

c. **Non-Assessee** This category of registration is given in ACES to any individual, firm or company, who are not assessees but who require to transact with the Central Excise or Service Tax Department, such as

* Merchant Exporter;
* Co-noticee;
* Refund Applicant other than registered taxpayers;
  + - * 1. Persons who have failed to obtain CE/ST registration as required under the law and against whom the Department has initiated proceedings and Persons who are required to tender any payment under CE/ST laws, rules & regulations

Where such persons desire to seek non-assessee registration they have to follow the same steps as in the case of a new assessee. In case the user wants to take such a registration for claiming any refund or rebate it is mandatory to provide a valid PAN. A Non-assessee registration can also be given by the designated officer of the Commissionerate. The Non-assessees are not required to file any tax returns.

d. **Large Tax Payer Unit (LTU) Client** If assessee desires to opt for LTU scheme, submit the consent form to your jurisdictional LTU officer. It will be processed off-line and then uploaded to ACES.

All pending items of work will be transferred to the concerned LTU automatically and intimation will be sent. If assessee is approved as an LTU client, and want to register a new unit, submit the registration application in ACES. The system will automatically attach the new unit with the concerned LTU. On the basis of PAN details in the registration form if you are an existing LTU client, the process of registration is same as explained for existing assesses.

**Note:**

1. The user id once selected will be permanent and cannot be changed. However, it is desirable to frequently change passwords.
2. The user id should be of 6-12 alphanumeric characters,

-----no special character such as !,@, #, $, %, ^, &, \*, +, -, or space except under score “\_”.

1. Assessees should note that the e-mail ID is furnished to the department in writing, and they will be responsible for all communications to and from this email ID. Currently, ACES provides for communication to one email ID only. After registration with the ACES, assessees, on their own, can modify their registration details online.

2.7. **PROCEDURE TO BE FOLLOWED FOR ONLINE SERVICE TAX REGISTRATION**

a. After registering with Aces, Fill in the form ST-1 given on site. After filling the same, take a print out of ST-1 form and then submit the form and take the print out of E acknowledgement receipt.

b. Within seven days of application submit print outs of ST-1 along with all other documents as mentioned in E-acknowledgement. Failing to submit this within seven days may lead to cancellation of online application made earlier.

c. After department receives the documents, it processes the application and a new registration certificate (Form ST-2) is send via email. OR AS PER CHOICE HAND OVER THE DULY SIGNED ST-2 ON THE SPOT

d. Take the print out of form ST-2 and get the stamp and signature from the jurisdictional Superintendent.

e. **Please refer to PPT for fresh requirements & procedures w.e.f 1-3-2015.**

2.8. **DOCUMENTS TO BE ATTACHED** Following documents are to be submitted. All the following documents including ST-1 shall be self certified. In case of doubts in select cases, original documents may have to be presented for verification:

1. Attested Copy of the PAN Card.
2. Proof of Address of the premises, which is required to be registered.
3. Copy of the Document governing the constitution of the organization (partnership deed in case of a partnership firm, Memorandum of Association in case of a company, Trust Deed in case of a trusts or associations, etc.)
4. Power of Attorney on stamp paper in case the documents are signed by an authorized representative/ Director of the company/ Partner of Firm.
5. **Please refer to PPT for fresh requirements & procedures w.e.f 1-3-2015.**

In respect of Centralised registration following additional documents or details are also require other than those mentioned above and the same to be furnished to jurisdictional AC /DC of Central Excise:

* Previous years audited balance sheet, if any.
* Address proof of all the Directors of a company
* Attested copy of TAN Nos.

In respect of registration **of input service distributor**, address of all the premises to which credit of input services is distributed or intended to be distributed along with attested copy of proof of address of all such premises to be attached. It is to be noted that the above list of documents are based on a practical experience. Requirement of attaching audited balance sheet, attested copy of TAN Nos were there in F.No./ 354/106/2005-TRU dt. 8th August, 2005 but this circular has been withdrawn by circular No. 93/4/2007 ST dt. 10th May, 2007. Even after this Trade notice department is insisting on all the documents listed above.

2.9. **CANCELLATION/SURRENDER OF REGISTRATION CERTIFICATE**

**[Rule 4(7) & 4(8)]** Every registered assessee, who ceases to provide the taxable service for which he is registered, shall surrender his registration certificate immediately with concerned Superintendent of Central Excise. Certificate has to be surrender online by filing the forms available at [www.aces.gov.in](http://WWW.ACES.GOV.IN).

Following is the process for surrender of ST2

* 1. Fill in the form given online for surrender of registration certificate. After filling in the same, take a print of the form and then submit form online. Along with print out of Surrender form ST-2 E -acknowledgement of successful submission of the same shall be submitted to jurisdictional Superintendent along with following further documents.
  2. Declaration form – undertaking to pay any Service tax dues that may arise in future pertaining to this registration.
  3. Original ST-2 certificate
  4. Latest Income Tax return for three years
  5. Latest copy of ST-3 return

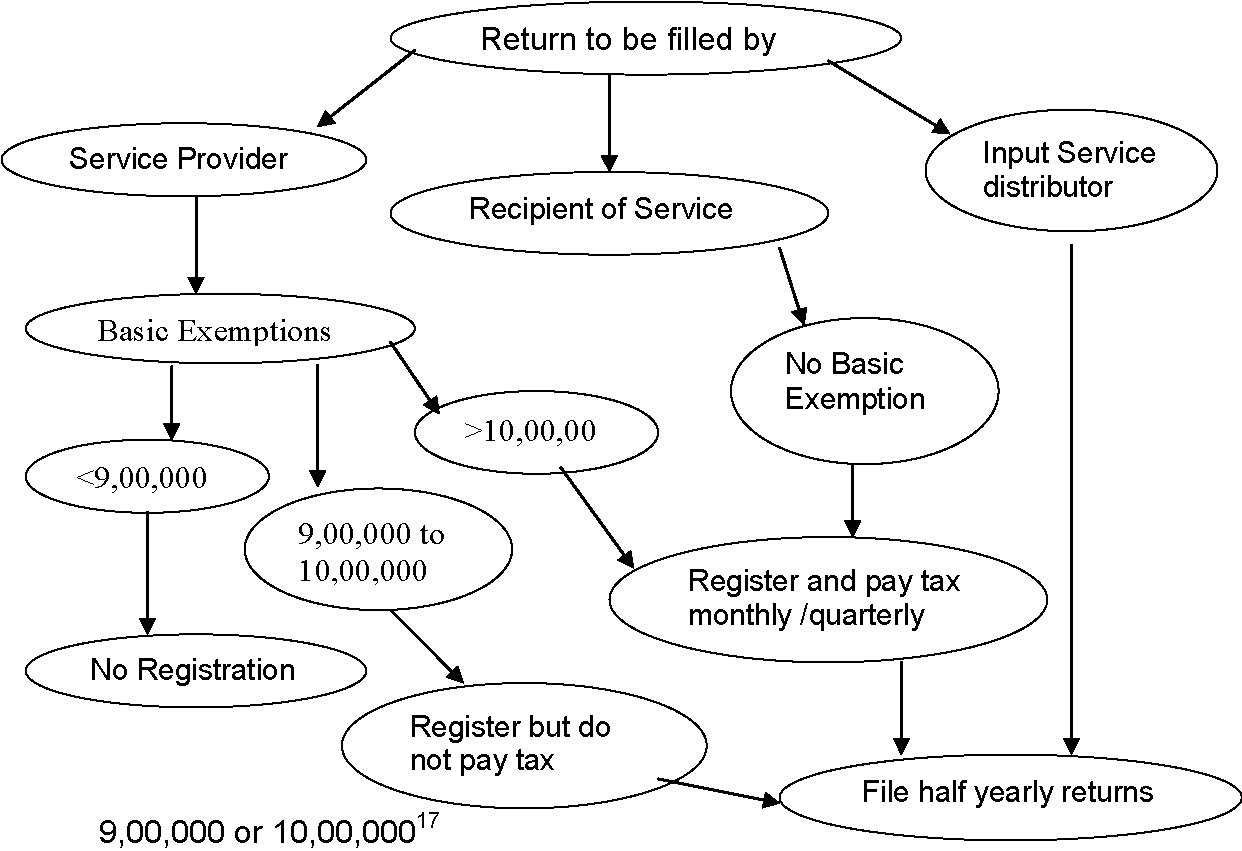
The above list of documents to be submitted is based on our practical experience. After receiving the aforesaid documents and after ensuring that assessee has paid all monies due to government, concerned Superintendent of Central Excise shall accept cancellation the registration in ACES.

3. **E-­RETURN**

3.1. **MANDATOR**Y **E­-FILIN**G **O**F **RETUR**N

* W.e.f. 1st April, 2010- Rule 7(2) of STR, 1994 states that, where an assessee has paid a total service tax of rupees ten lakh or more including the amount paid by utilisation of CENVAT credit, ***in the preceding financial year***, he shall MANDATORILY file the return electronically. Said Rule was modified & Rule 7(3) was inserted w.e.f 1-10-2011 to provide MANDATORY filing ST-3 return electronically for all assessees.
* The Service Tax returns, however, can be revised once as per rules up to 90 days from the date of filing the initial return.
* Both the ‘Original’ and the ‘Revised return can be viewed by the assessee online. At present digital signature is not required for filing return electronically. There is no requirement to file return physically, once it is filed electronically.

3.2. **PERSON REQUIRED TO FILE RETURN** Service tax returns are to be filled by various person or class of persons which has been explained by way of following chart:



3.3 **FORMS AND DUE DATES** Returns have to be filed in Form ST-3 in triplicate on **half yearly** basis by the 25th of the month following the particular half-year.

**DUE DATES FOR FILING OF ST-3 for service providers /ISD**

1st April to 30th September, 25th October / 31st October

1st October to 31st March, 25th April / 30th April

3.4 **PROCEDURE FOR FILING SERVICE TAX RETURN ONLINE -** There are two utilities for submission of service tax return online:

3.4.1. **Onlin**e **utilit**y – avoidable

1. a. Returns can be prepared and filed on line by selecting the ‘File Return’ option under RET module after logging into the ACES.
2. b. All validations are thrown up during the preparation of the return in this mode and the status of the return filed using the online mode is instantaneously shown by ACES.
3. c. Confirmation for successful filing is generated immediately.
4. d. Even if data for filing of return is not 100% ready the return can be prepared using this utility and can be saved on the site. After compiling the data assessee can go to amend ST3 option in RET module and amend the ST3 return saved and not submitted. After filing the return in totality assessee can click submit button to finish the filing.

3.4.2. **Offlin**e **utilit**y- advisable

1. a. Returns can also be prepared and filed off­line.
2. b. Its advisable to use Excel 2003 instead of Excel 2007, since Excel 2007 has higher security features and built in macros for checking and validating the file may not work effectively in excel 2007.
   1. c. Enable the Macros (if disabled) as per the following instructions, so that all the functionalities of e filing utility will work fine.

*On the Tools menu, Point to Macro, and then click Security.*

*Click on either Medium or Low to select the ‘Security Level’*

*On the Trusted Publishers tab, select the Trust all installed add­-ins and templates check box. Please make sure that system date is correct.*

* 1. d. Download the Offline return preparation utility available at <http://www.aces.gov.in> (Under Download)
  2. e. Downloaded utility contains one Microsoft Excel file containing eight (8) work sheets to be filled in by the assessee. These eight work sheets are:

1. Instructions: This sheet provides various instructions to be followed at the time of filling up of return.
2. Return: If assessee is providing more than one services only one return have to be compiled for all the services.
3. Payable Service: In this sheet details have to compiled on the basis of service provider (SP) and service recipient (SR) in connection with the selected services.
4. Advance –Payment: In this sheet, all advance payment made during the period, have to be compiled
5. Paid Service: In this sheet details as to Service tax, Education Cess, Secondary and Higher Education Cess and other amounts paid needs to be filled.
6. Challan – Service: In this sheet details of challans through which Service tax, Cess and other amounts paid by assessee during the half yearly period needs to be filled.
7. Cenvat: In this sheet details of Inputs Stage Input Credit needs to be filled. Further, details are not required to be filled if assessee is Input Service Distributor (ISD) or paying service tax by receiver of services under Reverse Charge Mechanism.
8. Distributor: In this sheet detail of Cenvat Credit for Input Service Distributor (ISD) needs to be filled. Further, assessee has to certify the self declaration part in the sheet and then validate the return for up­loading.
9. f. The return preparation utility contains preliminary validations which are thrown up by the utility from time to time. Validate the file thereafter an XML file will be generated.
10. g. After generation of XML file assessee is required to log on to the site by using the User ID and password.
11. h. Select RET from the main menu and upload the return.
12. i. Returns uploaded through this procedure are validated by the ACES before acceptance into the system which may take up to one business day. Assessee can track the status of the return by selecting the appropriate option in the RET sub menu. The status will appear as “uploaded” meaning under process by ACES, “Filed” meaning successfully accepted by the system or “Rejected” meaning the ACES has rejected the return due to validation error. The rejected returns can be resubmitted after corrections. It is advisable to the assesses opting for offline utility to file the ST­3 return at least 2 days in advance as the return may be rejected and it shall amount to non-­filing of return.

**E-Filing of Return**

 E-filing of return is mandatory w.e.f. 1-10-2011 in case of all assessees

***1) Registration on ACES***

You have to register on ACES with user name and password.

***Assessees who are already registered with department -***Assessees already registered with the Department do not have to register with ACES again. Their existing data in SACER/SAPS will be migrated to ACES. System will automatically send a TPIN (Temporary Personal Identification Number) mail with password to their e-mail ID existing in SACER/SAPS database. The assessee has to choose the user name on first Login.

The existing statutory registration number (assessee code) will remain the same. Assessee is required to only click at Register with ACES which will enable him to be recognized by ACES as a user.

 If assessee has not received the email, he should contact jurisdictional Range Officer or AC/DC with details of a valid email ID for getting a fresh TPIN number.

2) ***Registration of new user -*** You need to click on Click here to Register with ACES link on the login page and submit the form Registration with ACES.

You have toselect a user name and furnishing credentials like e-mail id, Unit Name, Designation and Phone Number. System checks for availability of the chosen User ID. The system will then generate a password and send it by e-mail, which can be used for logging into the system (This is not a statutory registration required under Central Excise or Service Tax Laws, but registration only with the ACES application).

Assessees registered with ACES application and with department (Central Excise/Service Tax) can access the online facility to file returns that match their profile (ER-1 / ER-2/ ER-3 / ER-4 / ER-5 / ER-6 / ER-7 & Dealer return *or* ST-3 Return) and submit the same to the system.

***3) Filing of return online or offline -*** You can file your returns online after logging into ACES using your user-ID and password. You can also prepare your return off-line using Excel Utility file which can be downloaded from ACES and then upload the XML file so generated.

***e-filing the return on-line***

After logging into the ACES system, click on the RET module displayed in the menu item at home page. Select File return option. Sub-menu for different types of returns namely, ER-1, ER-2, ER-3, ER-4, ER-5, ER-6, ER-7 & Dealer return or ST-3 will be displayed. Select the required option. Navigation path is Login as Assessee --> RET --> File Returns --> ER-1 *or* Login as Assessee --> RET --> Fill ST-3 -->.

After filling all the details, in the last page click on SAVE button. A confirmation view screen will display the return in its entirety. Verify for the correctness of details entered. Once it is confirmed that the entered details are in order, click on SUBMIT button.

If any modification is required, click on MODIFY button. The first entry screen will be displayed. Modification can be carried out in all fields. If it is desired that the details are to be entered afresh click on CANCEL button.

***4) Filling the data in e-return***

Note the following

a)  All the fields marked with asterisk (\*) are mandatory and the same are to be filled before proceeding further.

b)   Wherever required, data must be in correct format. For example (i) Challan Number to be a 20 digit number consisting of following - 7 digit BSR code, 8 digit date of tender in the format ddmmyyyy and 5 digit challan no. For example, 1234567 01122008 12345 (ii) Wherever columns are available for providing Quantity, decimals upto two places only are allowed.(iii) Columns where amount is to be provided, only whole number is allowed.

***5) Error messages while filing return online***

Error messages are categorized into two categories: Show stopper and Warning.

*(i)* ***Show stoppers****:* These are major errors and you cannot proceed without correcting them e.g. Mandatory field such as month of the return is left blank or when CETSH entered is wrong.

*(ii)* ***Warnings*** *:* These are minor errors. If you are sure that the entered data is correct, you can proceed with these errors. For example, calculated duty payable not matching with the duty payable as mentioned in the return.

***5.1 Comments in red at the top of the confirmation page for the return -*** The comments in red at the top of the confirmation page shows the errors found in the Return. These issues can be corrected by assessee by modifying the return details before submission.

***5.2 What if assessee is not able to correct the issues as highlighted in red in the last page of the return -*** If you do not correct the issues marked in red, then these returns with errors like Challan Number mentioned does not exist in the database or Provisional Assessment Order No. is not valid etc. are marked for Review & Correction process. Such ST-3 returns are marked to Range Superintendent, who will review the return and correct the errors found in the return after due consultation with you (assessee).

***6) Checking of filed return***

 In ACES you can view and verify the return submitted by you using RET--> List Original Return (in case of Central Excise) and RET--> View ST-3 (in case of Service Tax).

 7***) Submitting revised return under service tax***

 You can revise your ST-3 return once within 90 days after filing the original return, by clicking on Revise ST-3 option of Fill ST-3 submenu under RET menu.

8) ***Acknowledgement of return filed***

On the successful submission of a return, an acknowledgement with a number in the format registration number\_Type of return\_Month and Year of the return will be shown. For example, for the ER-1 return filed for the month of December, 2009 by an assessee having registration no. AAABC7865HXM001, the number AAABC7865HXM001\_ER1\_122009 is generated as acknowledgement. This number becomes a reference number (Source Document number) for subsequent correspondences with the department in respect of the return.

***9) Filing return offline***

In addition to filing returns online (as discussed above), there is facility to prepare return offline, check it and then submit the return. Assessee can file his returns online by filling up the web-form or by using downloadable utility available in ACES website. Downloadable utility is an offline utility which can be downloaded, filled off-line and submitted on-line. The generated XML file should be uploaded into ACES.

***10) Download utility every time*** *-* It is advisable that you download the latest version of utility from the ACES website before filling the same.

***-requisites for filling data in this utility***

Following are prerequisites for filing data in offline utility:

1. The version of Microsoft Excel in your system should be Microsoft Office Excel 2003 and above.
2. Make sure that you have downloaded the latest Excel Utility from ACES website / application to your local system.
3. Please enable the Macros (if disabled) as per the following instructions: - On the Tools menu, point to Macro, and then click Security. - Click on either Medium or High to select the 'Security Level' - On the Trusted Publishers tab, select the Trust all installed add-ins and templates check box.
4. Make sure that your System Date is correct.

***11) Steps for filing Return through offline utility***

The steps are as follows:

1. ***Fill up the Return data*** *-* Navigate to each field of every section in the sheet to provide applicable data in correct format. (Formats will get reflected while filling data.)
2. ***Validating Sheets*** *-* Click on the ''Validate this sheet" button to ensure that the sheet has been properly filled and also data has been furnished in proper format. If there are some errors on the sheet, the Utility will prompt you about the same. In such cases, the offline utility will not allow you to proceed further until you rectify the errors.
3. ***Generate XML****-* There is "Validate Return and Submit" button on last sheet "Challan" for validating all the entries in your return. If you click on this button, Utility will validate all the sheets one by one and also perform inter-sheet validations. After validation, an XML will be generated. In case there is some error identified on some sheet, the utility will prompt you about the same and lead you to the respective sheet(s).
4. Both files are saved in the same folder of your system where E-filing Utility is placed/ saved (while downloading the e-filing utility).
5. ***Upload XML file to ACES application*** *-* For uploading the XML generated by the E-filing Utility, login to ACES application and access menu option to upload generated XML file of Return. On Upload screen provide the required information and browse to select the relevant XML file and submit the form.

***12) Filing NIL return in offline utility***

There is an Option for NIL Return in the first sheet. In case you are filing a NIL Return then change this option to "Yes". On selection Yes, utility will ask you to freeze the option and then delete all the sheets that are not applicable.

***13) Offline utility for an LTU assessee***

There is an Option for LTU in the first sheet. If you are filing return as LTU (Large Tax Paying Unit) then change/ check/ tick the "Yes" option.

***14) Uploading the offline return***

You can browse and upload offline return (XML file) by logging into ACES with your user-ID and password and navigating in the ACES website in the following manner - RET--> eFiling for Returns -->Upload File (In case of ER-1/ER-2/ER-3 return) *or* RET--> eFiling-->Upload File (In case of ST-3)

***15) Status of returns***

Status of returns implies the status of offline returns uploaded into the system. Status of returns submitted through offline utility can be either Uploaded or Filed or Rejected. You can view the status of your return submitted using offline utility through: RET--> eFiling for Returns--> View Status (In case of CE)

*Or*  RET--> eFiling --> View Status (In case of ST)

 Returns submitted through offline utility can have following status:

*-* ***Uploaded****:* Denotes that return is uploaded and under processing by the system. You should view again after some time.

*-* ***Filed****:* Denotes that uploaded return is accepted by the system.

*-* ***Rejected****:* Denotes that the return could not be processed due to errors and is rejected and the assessee return is not filed with the department in this case.

The result of the acceptance or otherwise of the return filed off line will be known within one business day at present.

* For any inquires or queries call toll free No. 18004254251 ( Mon to Fri 9am to 7pm)
* E-mail to [aces.servicedesk@icegate.gov.in](mailto:aces.servicedesk@icegate.gov.in)

3.6 **PRACTICA**L **ISSUE**S **I**N **E-­FILIN**G Some of the issues faced have been listed down here with the practical solutions as he deems appropriate. However there may be more issues than listed and difference of opinion with regard to the solution to the issues.

Service tax Payment made with a bank is not aligned with NSDL Site - While keying in the challan identification number, the issue faced by assessee is that challan no. of the challan which has not been paid via NSDL link by the respective banks- will not be present in the records of NSDL. Thus as soon as the said CIN is keyed in, an error message pops up stating that the CIN mentioned in not present in the records. However the assessee can manually override and proceed with filing of the return. In the error log this would get reflected as discrepancy on which the departmental officer may call for the records.

Loss of unsaved data - Many a times while filling the service tax return **using online utility**, the site develops a technical snag, and all the unsaved data in the return is lost. Also many a times, when the window for filling the service tax return is left idle for certain time, on resuming work, a message of the nature session expired appears. To overcome this issue it is preferable to keep on saving the data after certain amount of time. Further, there is no facility to save the data filled on every page / sheet of the return if someone have to save the data filled then he has to go upto the last page of the return and then save the data. Thus, even if someone has filled only half return then also he has to go upto last page / sheet to save the data.

Service Tax Paid under protest - There may be instances wherein an assessee may pay service tax under protest. Such an amount is usually paid when department raises Show Cause Notice on an assessee or the service tax may be required to be paid by an order of any adjudicating authority/ court. In such a scenario, there is no provision to disclose such an amount paid separately in service tax return. In such a case, the assessee has to file intimation manually to jurisdictional superintendent for such a payment made under protest separately later on. **Ther**e **i**s **n**o **provisio**n **i**n **th**e **Servic**e **ta**x **la**w **itsel**f **t**o **pa**y **unde**r **protest**.

Disclosure of facts - In the previous system of manual filing of return, assessee had the option to put up a disclosure note in the return. For E.g.: If the assessee has not paid service tax on Renting of Immovable Property Service relying on the decision of HOME SOLUTION RETAIL INDIA LTD AND OTHERS Vs UNION OF INDIA { 2009­ TIOL­ 196­HC­ DEL­ SERVICE TAX}, the assessee could disclose the above fact in the service tax return filed manually by way of insertion of a note. However in case of E­-filing of service tax return there is no place provided in the format of return to make any disclosure. In such a case, the assessee has to file intimation manually to jurisdictional superintendent for such a disclosure of information separately later on.

Any other amount (please Specify) under Clause 4A(I)(d)(x)

In the said clause details pertaining to the amount or pre-deposit amount paid under the order by Commissioner (Appeals) or Appellate Tribunal or Courts. If any details are filled under the said clause, then there is no space **available to specify the reason** for such payment. In such a case, in our view the assessee has to file intimation manually to jurisdictional superintendent giving details of such a payment later on.

Details of Source documents in case of Interest payments The assessee making interest payments has to fill in the details of source documents. The said details are cumbersome to fill. Following details is to be filled Pan based assessee code\_10 digit Premises code\_ST3\_032011 (in case of March end returns).

3.7 **PENALT**Y **PROVISIO**N Section 70 read with rule 7C of The Service Tax Rules, 1994 prescribes for a specified amount of late fee and not the penalty linked to period of delay for filing of return after the due date. The assessee is required to pay following amount of late fee depending upon the period of delay, but not exceeding Rs. 20,000/­ -w.e.f 7-4-2011.

|  |  |  |
| --- | --- | --- |
| **S. No** | **No**. **o**f **Day**s **dela**y **fro**m **du**e **dat**e **fo**r **filin**g **o**f **servic**e **ta**x **retur**n | **Lat**e **Fe**e **i**n **Rs**. |
| 1 | From 1st day up to 15th day | 500 |
| 2 | From 16th day Up to 30th day | 1000 |
| 3 | Delay beyond 30 days Rs. 100/­per day | 100/­per day |

* Any delay beyond ( 30 + 190) = 220 days from the due date, simply pay Rs 20,000/- as penalty.

3.8 **CONCLUSIO**N The prime intention of introducing the E-­Filing was to reduce the interface between assessee and department and reduce the compliance work of assessee and make the department paperless. But from the above issues raised, it is noticed that the compliance burden of the assessee has increased, which has doubled up the work of the assessee. Overall the website www.aces.gov.in is a step towards success in future.

**4. E-Payment**

**Electronic Payment of Central Excise Duty and Service Tax** **through banks having Internet banking facilities**

Rule 6(2) - The Central Board of Excise and Customs had made it mandatory for payment of tax/duty electronically through internet banking for all Service Tax Assessees w.e.f 1-10-2014. Presently the tax payers can pay taxes and duty through internet by accessing the internet facilities of the authorized banks.  In order to improve the data quality and after discussions with the banks, modifications have been made in the system. It had been decided that this facility will be made available to the tax payers through the NSDL gateway which will provide the facility for the Assessees to generate challans online and thereafter pay the tax online.

**EASIEST e-payment** – <https://cbec.nsdl.com/EST/> -- select the tab E-payment.

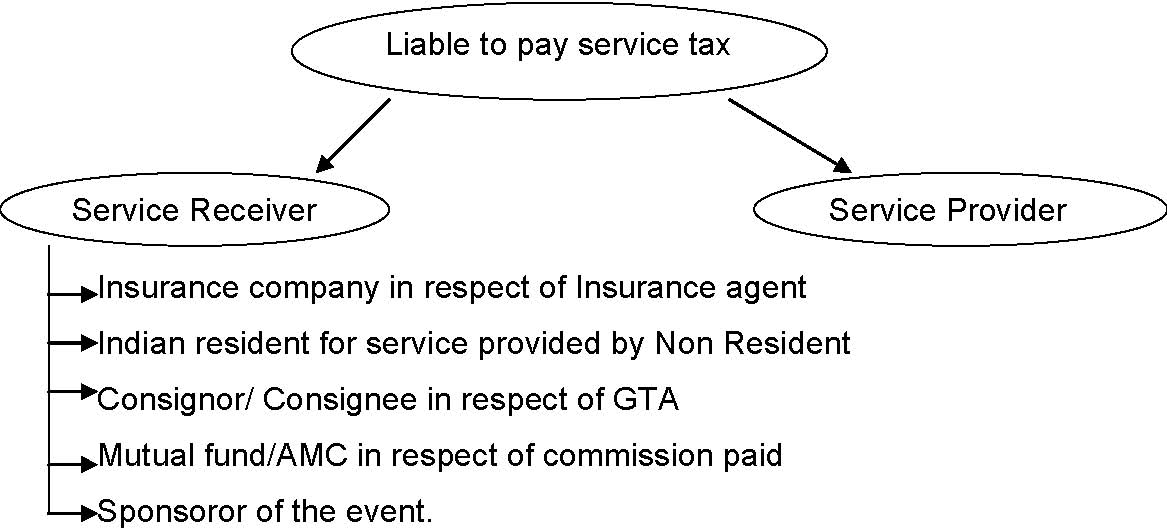
e-Payment facilitates online payment of Excise Duty and Service Tax by an Assessee.

To avail this facility the Assessee is required to have a net-banking account with any of the banks listed below. On being registered The Bank will provided the to access the e-Payment facility for the following banks:   
  
  - Allahabad Bank   - Axis Bank   - Bank of Baroda   - Bank of India  
  - Bank of Maharashtra   - Canara Bank   - Central Bank   - Corporation Bank  
  - Dena Bank   - HDFC Bank   - ICICI Bank   - IDBI Bank Ltd.  
  - Indian Bank   - Indian Overseas Bank   - Oriental Bank of Commerce  
  - Punjab National Bank  - State Bank of Bikaner and Jaipur   - State Bank of Hyderabad  
  - State Bank of India   - State Bank of Indore    - State Bank of Mysore  
  - State Bank of Patiala   - State Bank of Travancore    - UCO Bank  
  - Union Bank of India   - United Bank of India    - Vijaya Bank  
  
For transactions through any of the following banks, please visit their respective websites of the banks or nsdl site. Select e-payment option & proceed

The following steps will be required to be taken by the taxpayer for making e-payment:

|  |  |
| --- | --- |
| 1. | To pay Excise Duty and Service Tax online, the Assessee has to enter the 15 digit Assessee Code { STC } allotted by the jurisdictional Commissionerate. |
| 2. | There will be an online check on the validity of the Assessee Code entered. |
| 3. | If the Assessee code is valid, then corresponding assessee details like Name, Address, Commissionerate code etc. as present in the Assessee Code Master will be automatically displayed. |
| 4. | Based on the Assessee Code, the duty / tax i.e. Excise duty or Service tax to be paid will be automatically selected. |
| 5. | The Assessee is required to select the type of duty / tax to be paid by clicking on the button “Select Accounting Codes for Excise” or “Select Accounting Codes for Service Tax” depending on the type of duty / tax to be paid. |
| 6. | At a time the assessee can select upto six Accounting Codes. |
| 7. | Once the data is validated in the NSDL central system, a drop down menu will appear indicating the names of various banks offering internet payment facility. The Assessee can opt for any of these banks { the bank of assessee who has allowed e-payment facility for paying government taxes) |
| 8. | On submission of data entered, a confirmation screen will be displayed. If the taxpayer confirms the data entered in the screen, it will be directed to the net-banking site of the bank selected. |
| 9. | The challan details entered by the Assessee will be transmitted to the bank along with the location code (Commissionerate, division, range code) of the Assessee. ( Parameters that will be passed from NSDL to the Banks are enclosed) |
| 10. | The taxpayer will login to the net-banking site with the user id/ password provided by the bank for net-banking purpose and enters payment details at the bank site. |
| 11. | On successful payment, a challan counterfoil will be displayed containing CIN, payment details and bank name through which e-payment has been made. This counterfoil is proof of payment being made. |
| 12. | The Assessee has an option to download the counterfoil from the website of the bank. This will contain all details available that are usually given in the hard copy of the computerized acknowledgement including Challan Identification Number (CIN) and name of the bank through which e-payment has been made. |

**Service tax PAYMENTS**  [Section 68 & Rule 6]

4.1 **PERSONS LIABLE TO PAY SERVICE TAX [Rule 2(1)(d)]** Generally provider of taxable service shall make payment of service tax but in some cases liability has been shifted on the recipient of taxable service this has been explained by way of following chart. 

4.2 **PAYMENT ON REALISATION OF TAXABLE SERVICE or Billing basis { refer to POT Rules, 2011) [Rule 6(1)]** Service tax to be paid on either payments ***received*** or invoices raised { as the case may be in brief} for taxable service ***provided or to be provided*** during any calendar month is payable by the 5th of the month immediately following the said calendar month, however, in case of E-payment service tax is payable by the 6th of the month immediately following the said calendar month. However, where the assessee is an individual or a proprietary firm or a partnership firm service tax payable during any quarter is payable by the 5th of the month immediately following the said quarter and in case of E-payment by the 6th of the month immediately following the said quarter. Service tax payable on the value of taxable services during the month of March, or the quarter ending in March, as the case may be, shall be paid to the credit of the Central Government by the 31st day of March of the calendar year. It has been clarified in answer 3.12 of the FAQ issued by DGST on 5th March, 2009 that where TDS has been deducted by the service receiver in that case service tax shall be payable on the amount of TDS also.

4.3 **ADVANCE PAYMENT OF SERVICE TAX [Rule 6(1A)]** Prior to 1-3-2008 persons liable to pay service tax were required to pay exact service tax for a particular month/quarter and there was no facility of paying advance service tax except to some extent and subject to certain condition assessee having centralized registration. From 1st March, 2008 facility of advance payment of service tax has been introduced and available to all the assessee. The assessee who is paying service tax in advance should follow the following procedures:

* + Intimate to the jurisdictional Superintendent of Central Excise within 15 days of such payment.
  + Service tax paid in advance is allowed to be adjusted against service tax liability for the subsequent period. It is sufficient that such adjustment is disclosed in the periodical return to be filed.

4.4 **PAYMENT BY CHEQUE [Rule 6(2A)]** If the assessee deposits the service tax by cheque, the date of presentation of cheque to the designated bank by CBEC shall be deemed to be the date on which service tax has been paid, provided the cheque is not dishonored in the course of clearing.

E­-payment made up to 8.00 p.m. may be treated as received on that day and payment received after this time limit may be treated as received on next working day. [RBI Instruction No. DGBA GAD. No. H 9561/41.07.003/2007 – 2008 dated 5th March 2008.]

4.5 **ADJUSTMENT OF EXCESS SERVICE TAX PAID [Rule 6(3), 6(4A), 6(4B) and 6(4C)] Service not wholly of partly render:** Assessee is allowed to adjust against his subsequent period's liability the excess service tax paid by him for services which is **not wholly or partially rendered** by him for any reason provided he has refunded the amount charged as also the service tax thereon to the client. It has been clarified that in such cases of adjustment the assessee is required to file the details in respect of such *suo motu* adjustments done by him at the time of filing the service tax returns (Para

21.1 of Trade Notice No. 7/98- Service tax dated 13.10.1998 issued by Commissioner of Central Excise, Mumbai-I). Along with enclosure of documentary evidence for adjustment of such excess service tax paid.

It is to be noted that rule 6(3) does not allow adjustment of excess payment of service tax *per se*, say due to clerical mistake etc. In such cases the assessee has to follow the procedure laid down in section 11B of Central Excise Act to claim the refund of excess tax paid.

**Self adjustment of excess tax paid:** Self-adjustment of excess service tax paid by assessees is allowed subject to the following conditions:

(i) Self-adjustment of excess credit is allowed on account of reasons **other than** interpretation of law, taxability, classification, valuation or applicability of any exemption notification.

(ii) Excess amount paid and proposed to be adjusted should not exceed Rs.200,000/- ( w.e.f 1-4-2011) for the relevant month or quarter.

(iii) Adjustment can be made only in the succeeding month or quarter.

(iv) The details of self-adjustment should be intimated to the Superintendent of Central Excise within a period of 15 days from the date of adjustment.

However, assessees who have centralized registration can adjust the excess service tax paid on their own without any monetary limit provided the excess amount paid is on account of delayed receipt of details of payments from branch offices.

**Adjustment of Property tax for payment of service tax under Renting of immovable property:** Excess amount paid due to non-availment of deduction of property tax paid in terms of notification No. 29/2012-Service Tax , dated the 20th June, 2012, from the gross amount charged for renting of the immovable property for the said period at the time of payment of service tax within one year from the date of payment of such property tax. The details of such adjustment shall be intimated to the Superintendent of Central Excise having jurisdiction over the service provider within a period of fifteen days from the date of such adjustment. So there may be two situations:

1. Property Tax paid before or during the month or quarter in which rent for the relevant month or quarter is received, than, reduce the taxable value to the extent of property tax paid relevant to said month or quarter and then calculate the service tax on balance amount.
2. Property Tax paid after the month or quarter in which rent for the relevant month or quarter is received or Property tax has not been adjusted from the assessable value, than, follow the procedure given in Rule 4C.

4.6 **PROVISIONAL PAYMENT OF TAX [Rule 6(4), 6(5) and 6(6)]** Where an assessee is unable to correctly estimate the actual amounts of service tax payable for any month or quarter, the assessee may make a request in writing to the Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise (AC/DC), as the case may be, to make a payment on provisional basis and after receiving request AC/DC may allow the provisional payment of tax. In such cases, memorandum in form No. ST3A shall be accompanied with the service tax return for the relevant period. After receiving memorandum in ST-3 AC/DC is require to complete the assessment after calling further documents and records as he may consider necessary. Upon finalization of such assessment, if a liability of service tax arises, the differential amount is paid by the assessee. If he has paid excess amount he would be entitled to refund.

4.7 **SHORT PAYMENTS RECEIVED** Rule 6(1) provides that service tax is payable only on the value of taxable services received and not on the value of taxable services billed. However, in the case of short receipts of payments it has been clarified in Para 22.1 of Trade Notice No. 7/98- Service tax dated 13.10.1998 issued by Commissioner of Central Excise, Mumbai-I that “in all such cases where the amount received is less than the gross amount charged/billed to the client the assessee should be required to amend the bills either by rectifying the existing bill or by issuing a revised bill and by properly endorsing such change in the billed amount or raise a credit note to this effect.

4.8 **ROUNDING OF SERVICE TAX** As per section 37D of The Central Excise Act, which is also applicable to Service Tax and Circular No. ST-53/2/2003, Dated 27.03.2003, The Service tax amount payable is to be rounded off to the nearest rupee.

4.9 **EXCESS OR WRONG COLLECTION OF SERVICE TAX [Section 73A and 73B]**

Any amount collected in excess of service tax leviable or collected service tax which is not required to be collected to deposit the same with the Central Government and also provide authority to Central Excise Officer for recovery of such excess amount. Section 73B also enables the Central Government to collect interest on the amount referred to in Section 73A as may be notified.

Notification No. 8/2006-ST Dated 19/4/2006 as amended by [**Notification No. 15/2011-ST Dated 01-03-2011**](http://lawcrux/st/stncsv/80353.htm) **prescribes 18% p.a. interest .**

Screenshots from United Bank of India step by step e-payment by the assessee.

**e-payment of Service Tax**

The stepwise method for e-Payment of Central Excise and Service Tax (CBEC) is as follows:

**A. Non-Financial Validations**.

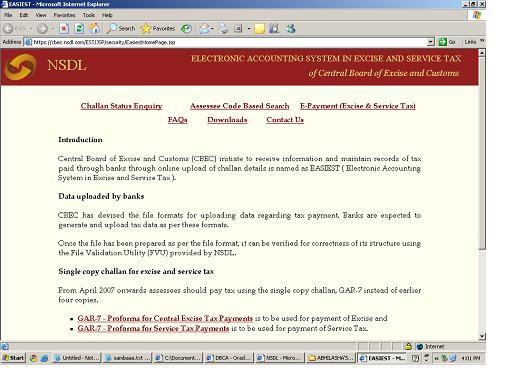
1. Taxpayer has to go to the NSDL Website at [www.nsdl.co.in and select the option](http://www.nsdl.co.in)

Central Excise & Service tax (Online Systems)

2. The following screen will be displayed wherein the taxpayer needs to select the option E-Payment (Excise & Service Tax) .

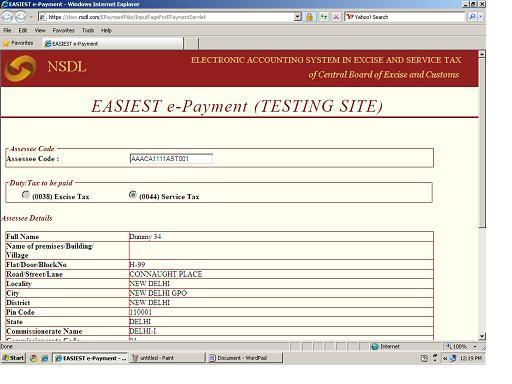
1. In the upcoming screen amongst the list of banks, the bank through which e-payment is to be made must be present. The Taxpayer has to click on Please Click Here .
2. On the next page the Taxpayer has to enter the fifteen-digit Assessee Code . If the assessee code is valid then the information relating to the taxpayer is displayed in the screen.
   * 1. The information relating to the taxpayer is displayed.
     2. The Taxpayer now has to select the appropriate accounting code by clicking on Select Accounting Codes for Excise/Service Tax as shown in the screen.

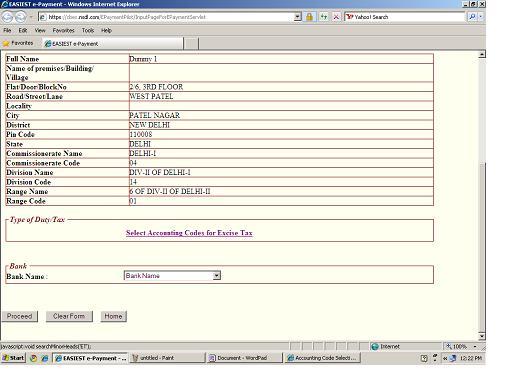








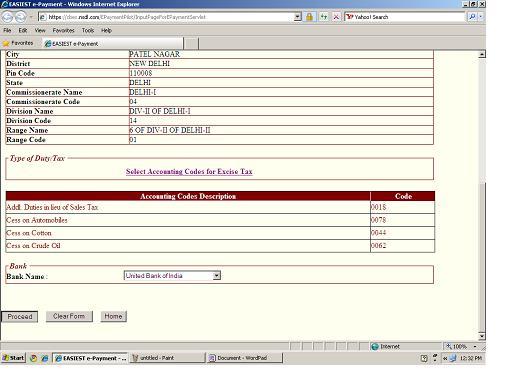


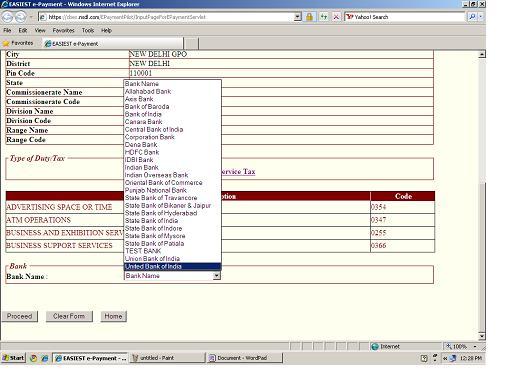


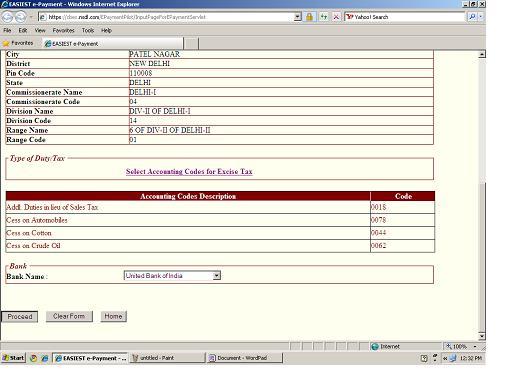
1. Accounting Code is displayed for selection.
2. After selecting the appropriate accounting codes the taxpayer needs to click on the Submit button at the bottom.
3. On clicking submit button, respective accounting codes with the description that have been selected will be displayed.
4. Next, the Bank Name is to be selected through which the payment has to be processed from the drop down menu available.
5. On selecting the bank the user has to click on Proceed .
6. In the upcoming screen the Taxpayer has to opt for making payment by clicking on Submit to the Bank . This will direct the assessee to the Bank s net banking portal.

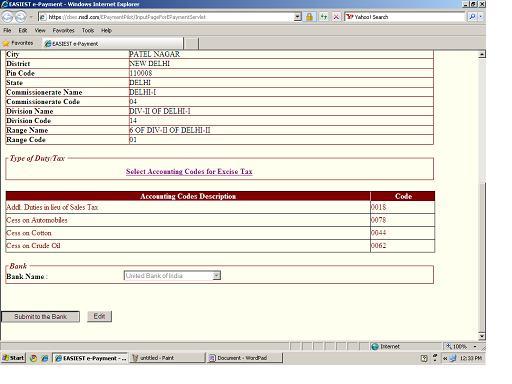








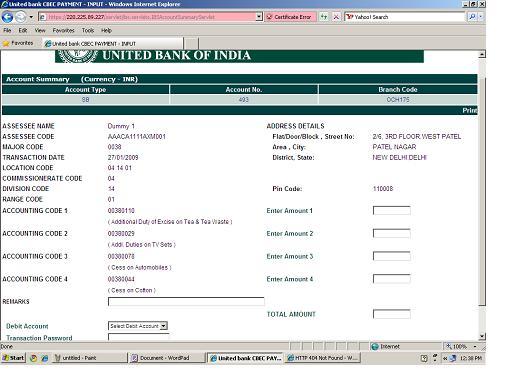


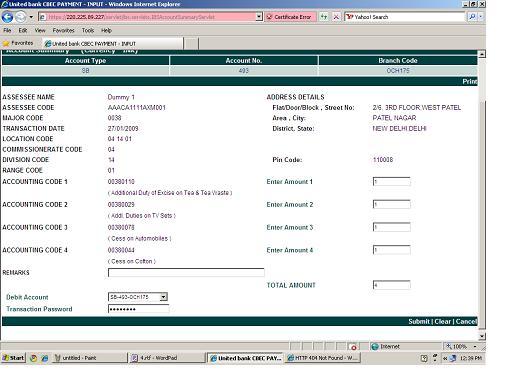


|  |  |
| --- | --- |
| **B.** | **Financial Validations.** |
| 13. | The Taxpayer must enter the User ID and Login Password to enter into the secured |
|  | e-Banking area for payment processing at the net banking portal of the Bank. |



1. On entry of valid User ID & Password, the following screen is displayed. The field values were populated with the values filled-up by the taxpayer at the NSDL site. The Taxpayer has to enter the tax Amount against each of the accounting code displayed.
2. The Taxpayer must select the Debit Account and provide the Transaction Password .





16. After entering the transaction password CBEC payment Confirmation page is displayed wherein the taxpayer can verify the details & confirm the transaction. If not satisfied the taxpayer can cancel and go back to the previous page for re-entering the details.



17. After successful e-transaction, a Cyber Receipt is provided to the taxpayer instantly which can be printed.



In case the electronic challan counterfoil is misplaced or the taxpayer is not able to generate or save the electronic challan counterfoil, a Duplicate Receipt can be generated by going to the bank s website at [www.unitedbankofindia.com](http://www.unitedbankofindia.com) and Login to the Internet Banking page.

Please click on this link for latest details

http://www.cbec.gov.in/htdocs-cbec/epaymnt-easiest-14jan2015

