



Helping Clients Keep More of what they Earn

**Dear Readers,**

We are happy to bring you our addition of Newsletter volume I for the month of September, 2009.

If you have any thoughts or comments on this newsletter feel free to contact us with the same.

Looking forward to hear from you.

**Warm Regards**

**BT**

**Associates**

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## **Circular**

Testing Procedure applicable to textile importers for jobbing and re-export purposes has been simplified by the Director General of Foreign Trade vide Policy Circular No 100/2008 dated 12-08-2009.

## **Supreme Court Decision**

The Supreme Court in the case of M/s. Maruti Suzuki Ltd.-Vs-Commissioner of Central Excise, Delhi-III dated 17-08-2009 held that Assessee is entitled to credit on the eligible inputs utilized in the generation of electricity to the extent to which they are using the produced electricity within their factory (for captive consumption). They are not entitled to CENVAT credit to the extent of the excess electricity cleared at the contractual rates in favour of joint ventures, vendors etc., which is sold at a price.

## **News**

The government has announced its **Foreign Trade Policy** for the next five years starting from FY10 on 27 th August 2009. The policy addressed the problems of exporters, particularly the labour-intensive sector; looked at market expansion and diversification.

The **service tax** introduced for lawyers in this year's budget is applicable only to legal firms and not to independent practicing lawyers cleared by The Bar Council of India (BCI).

## **SEZ News**

Factories, Business Processing Units and software development firms inside Special Economic Zones (SEZ) will lose all income tax benefits – the most crucial incentive for the tax free industrial enclaves – if the direct taxes code replaces the Income Tax Act of 1961 without any change. The proposed norms also talk of tightening tax incentives to developers of SEZs, which are notified after the new income tax law is operationalised.

## **Use of duty free raw material for capital goods manufactured within EOU for captive use**

The Central Board of Excise & Customs vide Circular No 22/2009 dated 19-08-2009 clarified that that the capital goods manufactured for captive use should be accounted & bonded by following the usual procedure and shall be liable for payment of duty while making clearances outside the unit or debonding or exit from the EOU scheme. Capital goods manufactured out of duty free inputs for use within the EOU are required to be accounted for and bonded as per the usual bonding procedure. While following the into-bond procedure, the value of such capital goods would be assessed by following the computed value method in terms of the Customs valuation Rules, which would inter alia account for the raw material captively consumed in manufacture of capital goods. Such goods would be liable to duty as applicable in case of clearance outside the unit or debonding or exit from EOU scheme.

## **The Duty Entitlement Passbook (DEPB) Scheme extended for another year.**

In order to give a boost to exporters, reeling under the impact of the global financial meltdown, the government today said that various schemes like DEPB that provide incentives to exporters would continue. The Duty Entitlement Passbook (DEPB) Scheme, under which duty credit is provided to exporters, has been extended for another year. This scheme was to end on December 2009. The Minister further said that 100 per cent Export Oriented Units (EOUs) and STPI ( Software Technology Park) units would be entitled to various tax benefits in the next fiscal year.

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