

PRESENTATION ON PRACTICAL ASPECTS IN SERVICE TAX PRACTICE



By

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COLLECTION OF REVENUE

Rs. In crores

TAX	2000-2001	2010-11	2012-13	2013-14	2014-15 (Revised Budgets)	2015-16 (Budgeted)
Direct Taxes	68306	438448	564337	629871	705628	797995
Indirect Taxes	118681	338463	513275	519770	542325	647918

COLLECTION OF INDIRECT TAX

YEAR	CUSTOMS	UNION EXCISE	SERVICE TAX	TOTAL
2007-08	102852	122711	51133	276696
2008-09	99708	104141	60716	264565
2009-10	83324	102991	58422	256818
2010-11	135813	137701	71016	338463
2011-12	153000	150075	95000	406213
2013-14	175056	179538	164927	519521
2014-15	201819	207110	215933	624862
2014-15 Revised	188713 (93.51%)	185480 (89.56%)	168132 (77.86%)	542325 (86.74%)
2015-16 (Budget Fig.)	208336 (110%)	229808 (123.90%)	209774 (124.77%)	647918 (119.47%)



ADVANTAGES TO CAs OVER THOSE TRADITIONALLY PRACTICING IN IDT

- A. Better knowledge of Global/Indian Economy.
- B. Knowledge of business gained in his/her Article ship and Practice/Employment
- C. In-depth knowledge of Accountancy
- D. Advance knowledge of the subject
- E. Only professional with Mandatory CPE
- F. Regulated by code of ethics which is being enforced.



ASPECTS IN SERVICE TAX (IDT PRACTICE)

1. Proper tax planning in large projects in government or commercial sphere.
2. Initial Registration.
3. Initial Disclosures to Department.
4. Initial Procedures.
5. Monthly/ Quarterly payment of Tax/ Duties.
6. Return Verification/ Filing of Returns/ Filing of Bill of Entry.
7. Service Tax Review and Quarterly Audit.
8. Review just before Departmental Audit.



ASPECTS IN SERVICE TAX (IDT PRACTICE)

9. Assistance during departmental IAP or CAG Audit
10. Opinions/ Clarifications
11. Transaction Structuring
12. Effect of Budget/ Recent Changes on Activity.
13. Refunds of Service Tax
14. Rectification of Past Errors
15. Departmental Letter Reply



ASPECTS IN SERVICE TAX (IDT PRACTICE)

- 16. Show Cause Notice (SCN) Reply*
- 17. Representation before Adjudicating Authority.*
- 18. Reply/ Representation at Appellate Forums*
- 19. Assistance to Advocate at High Court/
Supreme Court*



FROM WHERE TO GET INFORMATION

- ❖ www.cbec.gov.in
- ❖ www.aces.gov.in
- ❖ www.icai.org
- ❖ www.exciseandservicetax.com
- ❖ www.indiabudget.nic.in
- ❖ www.lawcrux.in
- ❖ www.taxindiaonline.com



SERVICE TAX LAW

Chapter V of Finance Act, 1994 (SEC 64-98
Relates to ST)

Negative List/ Declared Services/ Bundled
services/ Reverse Charge/ Joint Charge

Service Tax Rules, 1994 as Amended.

CENVAT Credit Rules, 2004.

Place of Provision of Service Rules, 2012.

Point of Taxation Rules/ Valuation Rules.

Person

Provision Of Services

Person

- ❑ Applicable to all the activities
- ❑ Not applicable to those excluded from the definition of service
- ❑ Not applicable to those included in Negative list
- ❑ Applicable to even Declared Services

SECTION 64. EXTENT, COMMENCEMENT AND APPLICATION.

1. Applicable to:



2. Date of Application????



3. Application:
Taxable Services



SECTION 65B- SOME IMPORTANT INTERPRETATIONS AS UNDER

(1) “Actionable Claim” shall have the meaning assigned to it in section 3 of the Transfer of Property Act, 1882;

(2) “Advertisement” means any form of presentation for promotion of, or bringing awareness about, any event, idea, immovable property, person, service, goods or actionable claim through newspaper, television, radio or any other means but does not include any presentation made in person

Bill of Exchange	
London, 31 January 2000	Amount US\$ 250,000
At 60 days after sight	pay against this Sole Bill of Exchange
to the order of Ourselves	
the sum of US Dollars Two hundred and fifty thousand	
for value Received	
To: Singapore Import Banking Company Bank Street Singapore	For and on behalf of: UK Export Company Ltd <i>James Smith</i> James Smith, Director
Drawn under UK Export Banking Company Ltd, Documentary Credit No 12345, Dated 29 September 1999	



SECTION 65B - INTERPRETATIONS. ...

CONT.

(25) “Goods” means every kind of movable property other than actionable claim and money

(34) “Negative List” means the services which are listed in section 66D;

(35) “Non-Taxable Territory” means the territory which is outside the taxable territory;





SECTION 65B - INTERPRETATIONS. ... CONT

- ❖ (37) “**Person**” includes,—
- ❖ (i) an individual,
- ❖ (ii) a Hindu undivided family,
- ❖ (iii) a company,
- ❖ (iv) a society,
- ❖ (v) a limited liability partnership
- ❖ (vi) a firm,
- ❖ (vii) an association of persons or body of individuals, whether incorporated or not,
- ❖ (viii) Government,
- ❖ (ix) a local authority, or
- ❖ (x) every artificial juridical person, not falling within any of the preceding sub-clauses

SECTION 65B -INTERPRETATIONS. ... CONT

- ❖ (44) “**service**” means any activity carried out by a person for another for consideration, and includes a declared service, but shall **not** include—



Transfer of title in goods or immovable property by way of gift or sale



A transaction in money or actionable claim



Services of an Employee to Employer in the course of or in relation of employment



Fees taken in any Court or tribunal established under any law



SECTION 65B -INTERPRETATIONS. ... CONT

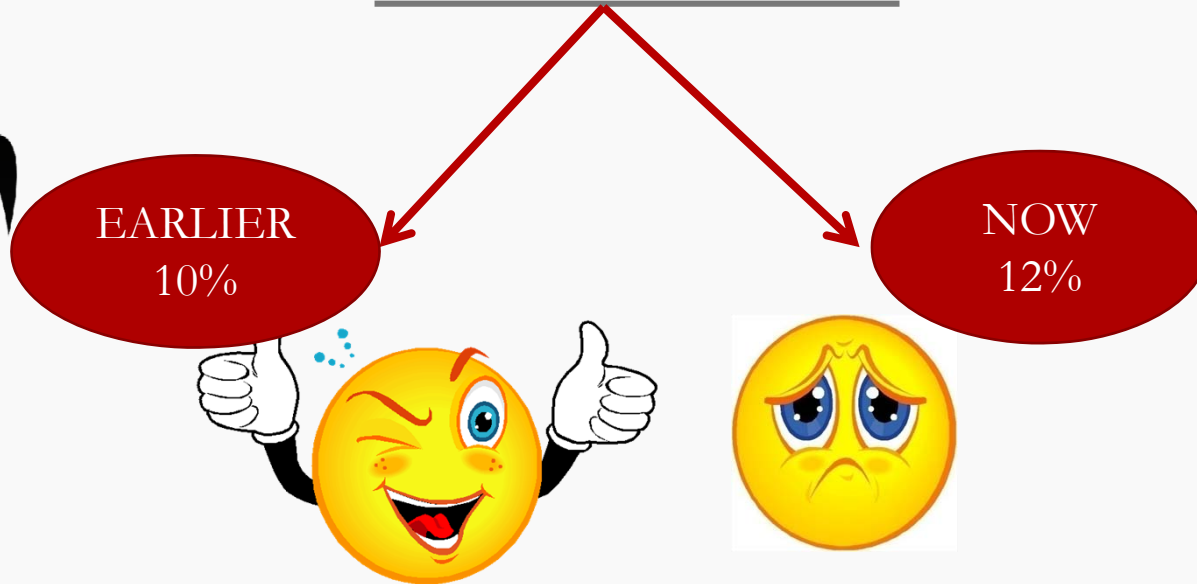
- ❖ EXPLANATION TO DEFINITION OF SERVICE
- ❖ Explanation 1.— For the removal of doubts, it is hereby declared that nothing contained in this clause shall apply to,—
 - ❖ (A) the functions performed by the Members of Parliament, Members of State Legislative, Members of Panchayats, Members of Municipalities and Members of other local authorities who receive any consideration in performing the functions of that office as such
 - ❖ member; or
 - ❖ (B) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or
 - ❖ (C) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or State Governments or local authority and who is not deemed as an employee before the commencement of this section.



SECTION 65B -INTERPRETATIONS. ... CONT

- ❖ EXPLANATION TO DEFINITION OF SERVICE
- ❖ Explanation 2.— For the purposes of this Chapter,—
 - ❖ (a) an unincorporated association or a body of persons, as the case may be, and a member thereof shall be treated as distinct persons;
 - ❖ (b) an establishment of a person in the taxable territory and any of his other establishment in a non-taxable territory shall be treated as establishments of distinct persons.
- ❖ Explanation 3.— A person carrying on a business through a branch or agency or representational office in any territory shall be treated as having an establishment in that territory;

SECTION 66B-CHARGE OF SERVICE TAX



There shall be levied a tax (hereinafter referred to as the service tax) at the rate of twelve per cent. on the value of all services, other than those services specified in the negative list, provided or agreed to be provided in the taxable territory by one person to another and collected in such manner as may be prescribed.



SEC-66C PLACE OF PROVISION OF SERVICE

- ❖ (1) The Central Government may, having regard to the nature and description of various services, by rules made in this regard, determine the place where such services are provided or deemed to have been provided or agreed to be provided or deemed to have been agreed to be provided.
- ❖ (2) Any rule made under sub-section (1) shall not be invalid merely on the ground that either the service provider or the service receiver or both are located at a place being outside the taxable territory.
- ❖ This has been discussed afterwards in detail

SECTION 66D-NEGATIVE LIST OF SERVICES.

Clause	Particulars
(a)	<p>(a) services by Government or a local authority excluding the following services to the extent they are not covered elsewhere—</p> <ul style="list-style-type: none">(i) services by the Department of Posts by way of speed post, express parcel post, life insurance and agency services provided to a person other than Government;(ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport;(iii) transport of goods or passengers; or(iv) support services, other than services covered under clauses (i) to (iii) above, provided to business entities;
(b)	Services by RBI
(c)	Services by Foreign Diplomatic Mission in India

SECTION 66D-NEGATIVE LIST OF SERVICES.

Clause	Particulars
(d)	<p>(d) services relating to agriculture by way of—</p> <ul style="list-style-type: none">(i) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or testing;(ii) supply of farm labour;(iii) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling, or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market;(iv) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use;(v) loading, unloading, packing, storage or warehousing of agricultural produce;(vi) agricultural extension services;(vii) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce;
(e)	Trading of Goods

SECTION 66D-NEGATIVE LIST OF SERVICES CONT...

Clause	Particulars
(f)	Any process amounting to Manufacture or Production of goods
(g)	selling of space for advertisements in print media; Old [selling of space or time slots for advertisements other than advertisements broadcast by radio or television;]
(h)	Service By the way of access to road or a bridge on payment of toll charges
(i)	Betting, Gambling or Lottery
(j)	Admission to Entertainment Events or Access to Amusement facilities
(k)	Transmission or Distribution of electricity by an Electricity Transmission or Distribution Utility

SECTION 66D- NEGATIVE LIST OF SERVICES CONT..

Clause		Particulars
(l)		Education Services
	(i)	pre-school education & education up to higher secondary school or equivalent
	(ii)	education as a part of curriculum for obtaining a qualification recognized by any law
	(iii)	education as a part of an approved vocational education course;
(m)		services by the way of renting residential dwelling for residential purposes
(n)	(i)	extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount
	(ii)	<i>inter se</i> sale or purchase of foreign currency amongst banks or authorized dealers of foreign exchange or amongst banks & such dealers

SECTION 66D- NEGATIVE LIST OF SERVICES CONT..

Clause		Particulars
(o)		transportation services to passengers with/without accompanied belongings, by
	(i)	A stage carrier
	(ii)	Railways in a class other than first class or an air-conditioned coach
	(iii)	Metro, monorail or tramway
	(iv)	Inland waterways
	(v)	Public transport ,other than predominantly for tourism purpose, in a vessel of less than 15 tonne net; &
	(vi)	metered cabs or auto rickshaws (earlier Radio Taxis)
(p)		Transportation of goods
	(i)	By road except services of GTA or courier agency
	(ii)	By an aircraft or a vessel from a place outside India to the first customs station of landing in India; or
	(iii)	By inland waterways



NOTIFICATION 25/2012- ST, Dated 06-6-2012

MEGA EXEMPTIONS



dreamstime.com



EXEMPTED SERVICES

1. **SERVICES PROVIDED TO THE UNITED NATIONS** or a specified international organization
2. **HEALTH CARE SERVICES** by a **CLINICAL ESTABLISHMENT**, an authorised medical practitioner or para-medics;
3. Services by a **VETERINARY CLINIC** in relation to health care of animals or birds;
4. Services by an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961) by way of **CHARITABLE ACTIVITIES**;
5. Services by a person by way of-
 - (a) **RENTING OF PRECINCTS OF A RELIGIOUS PLACE** meant for general public; or
 - (b) **CONDUCT OF ANY RELIGIOUS CEREMONY**;

Exempted Services

6. SERVICES PROVIDED BY –

- (a) an **ARBITRAL TRIBUNAL** to-
 - (i) any person other than a business entity; or
 - (ii) a business entity with a turnover upto Rs 10 Lakh in the preceding FY;
- (b) An individual as an advocate or partnership firm of advocates by way of **LEGAL SERVICES** to-
 - (i) an advocate or partnership firm of advocates providing legal services
 - (ii) any person other than a business entity
 - (iii) a business entity with a turnover up to Rs 10 Lakh in the preceding FY
- (c) A person represented on an arbitral tribunal to an arbitral tribunal

EXEMPTED SERVICES

7. Services by way of **TECHNICAL TESTING** or analysis of newly developed drugs, including vaccines and herbal remedies, on human participants by a clinical research organisation approved to conduct clinical trials by the Drug Controller General of India;
8. Services by way of training or coaching in **RECREATIONAL ACTIVITIES** relating to arts, culture or sports;
9. Services provided to or by an **EDUCATIONAL INSTITUTION** in respect of education exempted from ST, by way of:
 - (a) auxiliary educational services
 - (b) renting of immovable property

EXEMPTED SERVICES

10. Services provided to a recognised **SPORTS BODY** by-

- (a) an individual as a player, referee, umpire, coach or manager for participation in a sporting event organized by a recognized sports body;
- (b) another recognised sports body;

11. Services by way of **SPONSORSHIP OF SPORTING EVENT** organised,-

- (a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state or zone;
- (b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India, Special Olympics Bharat;
- (c) by Central Civil Services Cultural and Sports Board;
- (d) as part of national games, by Indian Olympic Association; or
- (e) under Panchayat Yuva Kreedha Aur Khel Abhiyaan (PYKKA) Scheme;

EXEMPTED SERVICES

12. Services provided to the **GOVERNMENT OR LOCAL AUTHORITY** by way of **construction**, erection, commissioning, installation, completion, fitting out, maintenance, repair, alteration or renovation of -
- (a) a Civil Structure or any other original works meant predominantly for a non-industrial or non-commercial use; **Deleted**
 - (b) a **Historical Monument**, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958);
 - (c) a Structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment; **Deleted**
 - (d) canal, dam or other **irrigation works**;
 - (e) **pipeline, conduit or plant for (i) drinking water supply (ii) water treatment (iii)sewerage treatment or disposal; or**
 - (f) a **residential complex** predominantly meant for self-use or the use of their employees or other persons specified in the *Explanation* 1 to clause 44 of section 65 B of the said Finance Act; **Deleted**

EXEMPTED SERVICES

- 13 Services provided by way of **ERECTION, CONSTRUCTION, COMMISSIONING, INSTALLATION, COMPLETION, FITTING OUT, MAINTENANCE, REPAIR, ALTERATION OR RENOVATION** of,-
- (a) road, bridge, tunnel, or terminal for **Road Transportation** for use by general public;
 - (b) a **Civil Structure** or any other original works pertaining to a scheme under Jawahar Lal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana
 - (c) a Building Owned by an entity Registered under sec 12AA of Income Tax Act, 1961 (43 of 1961) & meant predominantly for **Religious Use** by general public
 - (d) A **Pollution Control Or Effluent Treatment Plant**, except located as a part of a factory
- A structure meant for funeral, burial or cremation of deceased;

EXEMPTED SERVICES

14. Services by way of registered under sec12, **ERECTION, COMMISSIONING, OR INSTALLATION OF ORIGINAL WORKS PERTAINING TO,-**
- (a) **Airport, Port Or Railways**, including monorail or metro
 - (b) single **Residential Unit** otherwise as a part of a residential complex;
 - (c) **Low- Cost Houses** up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;
 - (d) **Post- Harvest Storage Infrastructure** for agricultural produce including a cold storages for such purposes; or
 - (e) **Mechanised Food Grain Handling System**, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages;
15. **TEMPORARY TRANSFER OR PERMITTING THE USE OR ENJOYMENT OF A COPYRIGHT** covered under clause (a) or (b) of sub-section (1) of section 13 of the Indian Copyright Act, 1957 (14 of 1957), relating to original literary, dramatic, musical, artistic works or cinematograph films;

EXEMPTED SERVICES

16. SERVICES BY A PERFORMING ARTIST Services by an artist by way of a performance in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre, if the consideration charged for such performance is not more than one lakh rupees:

- ❖ Provided that the exemption shall not apply to service provided by such artist as a brand ambassador

17. Services by way of COLLECTING OR PROVIDING NEWS by an independent journalist, Press Trust of India or United News of India

EXEMPTED SERVICES

- 18 Services by way of **RENTING OF A HOTEL, INN, GUEST HOUSE**, club, campsite by whatever name called for residential or lodging purposes, having declared tariff of a unit of accommodation below Rs 1000/ day or equivalent;
- 19 Services provided in relation to **SERVING OF FOOD OR BEVERAGES** by a restaurant, eating joint or a mess, other than those having the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year, and which has a licence to serve alcoholic beverages;
- 19A. Services provided in relation to serving of food or beverages by a canteen maintained in a factory covered under the Factories Act, 1948 (63 of 1948), having the facility of air-conditioning or central air-heating at any time during the year.

EXEMPTED SERVICES

20 Services by way of transportation by rail or a vessel from one place in India to another of certain goods mentioned therein.

21. Services provided by a GOODS TRANSPORT AGENCY by way of transportation of -

a) agricultural produce;

(b) goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;

(c) goods, where gross amount charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred fifty;

EXEMPTED SERVICES

- (d) milk, salt and food grain including flours, pulses and rice]**
- (e) chemical fertilizer, organic manure and oil cakes]**
- (f) newspaper or magazines registered with the Registrar of Newspapers;**
- (g) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or**
- (h) defence or military equipments;]**
- (i) cotton, ginned or baled**

EXEMPTED SERVICES

22. Services by way of **GIVING ON HIRE** -

- (a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or
- (b) to a goods transport agency, a means of transportation of goods;

23. **TRANSPORT OF PASSENGERS**, with or without accompanied belongings, by -

- (a) air, embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Baghdogra located in West Bengal; or
- (b) non-airconditioned contract carriage other than radio taxi, for transportation of passengers, excluding tourism, conducted tour, charter or hire; or]
- (c) Rope way, cable car or tramway

EXEMPTED SERVICES

24. Services by way of **MOTOR VEHICLE PARKING** to general public excluding leasing of space to an entity for providing such parking facility;
25. **SERVICES PROVIDED TO THE GOVERNMENT OR A LOCAL AUTHORITY**
26. **SERVICES OF GENERAL INSURANCE BUSINESS.**
27. **SERVICES PROVIDED BY AN INCUBATEE** up to a total business turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:-
 - (a) the total business turnover had not exceeded fifty lakh rupees during the preceding financial year; and
 - (b) a period of three years has not elapsed from the date of entering into an agreement as an incubatee;

EXEMPTED SERVICES

28. **SERVICE BY AN UNINCORPORATED BODY OR A NON PROFIT ORG REGISTERED** under any law to own members by way of reimbursement of charges or share of contribution -
- (a) as a trade union;
 - (b) for the provision of carrying out exempt services by the entity to third persons; or
 - (c) up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex;
29. **SERVICES BY CERTAIN PERSONS IN THEIR RESPECTIVE CAPACITIES -**
30. Carrying out an **INTERMEDIATE PRODUCTION PROCESS AS JOB WORK**
31. Services by an organiser to any person in respect of a **BUSINESS EXHIBITION HELD OUTSIDE INDIA;**
32. **Omitted;**
33. Services by way of slaughtering of animals

EXEMPTED SERVICES

34. **SERVICES RECEIVED FROM A SERVICE PROVIDER LOCATED IN A NON-TAXABLE TERRITORY** by -

- (a) the Government, a local authority or an individual in relation to any purpose other than industry, business or commerce; or
- (b) an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities.
- (c) Person located in a non taxable territory

35. Services of **PUBLIC LIBRARIES** by way of lending of books, publications or any other knowledge enhancing content or material

36. Services by **ESI Corporation**

37. Services by way of **TRANSFER OF GOING CONCERN**, as a whole or an independent part thereof;

38. Services by way of **PUBLIC CONVENIENCES** such as bathrooms, urinals;

EXEMPTED SERVICES

39. **SERVICES BY A GOVERNMENTAL AUTHORITY BY WAY OF ANY ACTIVITY IN RELATION TO ANY FUNCTION ENTRUSTED TO A MUNICIPALITY OF THE CONSTITUTION.**

40. Services by way of **loading, unloading, packing, storage or warehousing of rice, cotton, ginned or baled;**

41. Services **received by the Reserve Bank of India**, from outside India in relation to management of foreign exchange reserves;

42. Services **provided by a tour operator** to a foreign tourist in relation to a tour conducted wholly outside India.]

43. Services by **operator of Common Effluent Treatment Plant** by way of treatment of effluent;

44. Services **by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables** which do not change or alter the essential characteristics of the said fruits or vegetables;

EXEMPTED SERVICES

45. Services by way of admission to a museum, national park, wildlife sanctuary, tiger reserve or zoo;

46. Service provided by way of exhibition of movie by an exhibitor to the distributor or an association of persons consisting of the exhibitor as one of its members;]

“47. Services by way of right to admission to,- [Shall be effective with effect from such date as the Central Government may, by notification in the Official Gazette, appoint]

(i) exhibition of cinematographic film, circus, dance, or theatrical performance including drama or ballet;

ii) recognised sporting event;

(iii) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event, where the consideration for admission is not more than Rs 500 per person.]

SECTION 66E- DECLARED SERVICES

DECLARED SERVICES

(Include)

A Portion of Goods

A Portion of Services



DECLARED SERVICES

- The following shall constitute “Declared services”
- ❖ **Renting of Immovable Property**



- ❖ **Construction** of a complex, building, civil structure or a part thereof, including a complex or a building intended for sale to a buyer, wholly or partly, except where the entire consideration is received after issuance of completion-certificate by the competent authority

DECLARED SERVICES

- (c) temporary transfer or permitting the use or enjoyment of any intellectual property right;
- (d) development, design, programming, customisation, adaptation, upgradation, enhancement, implementation of information technology software;*
- (e) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act;
- (f) transfer of goods by way of hiring, leasing, licensing or in any such manner without transfer of right to use such goods;
- (g) activities in relation to delivery of goods on hire purchase or any system of payment by installments;
- (h) service portion in the execution of a works contract;*
- (i) service portion in an activity wherein goods, being food or any other article of human consumption or any drink (whether or not intoxicating) is supplied in any manner as a part of the activity.*

DECLARED SERVICES

Description of Taxable Services	Percentage	Conditions
Financial leasing Services including equipment leasing & Hire Purchase	10	Nil
Transport of goods by Rail	30	['CENVAT' credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.]
Transport of Passengers, with or without having belongings by rail	30	SAME AS ABOVE
Bundled Service by the way of Supply of food or any other article of human consumption in any premise (including club, pandal, shamiana, for organising a function) together with a renting of premise	70	CENVAT' credit on goods classified under chapter 1 to 22 of Central Excise tariff Act,1985 has not been taken under the provisions of the CENVAT' Credit Rules, 2004

DECLARED SERVICES

Transport of passengers by air with or without belongings in i.)Economy class ii) Other than economy class	 40 50	CENVAT credit on capital goods & inputs used for providing a taxable service has not been taken in CENVAT Credit Rules,2004
Renting of hotels, inns for residential purpose for residential purpose	60	SAME AS ABOVE
Services of GTA in relation to Transport of goods by road	30	CENVAT Credit on inputs, input services or capital goods used for providing taxable service has not CENVAT Credit rules 2004
Services provided in relation to chit omitted	70	Ref noti 26/2012
Renting of a Motor cab designed to carry Passengers	40	Ref noti 26/2012
Transport of goods in a vessel from one port in India to Another	30	SAME AS ABOVE

DECLARED SERVICES

Services provided by a tour operator in relation to package tour	25	<p>(i) CENVAT credit on inputs , input services& capital goods has not been included</p> <p>(ii) Bill issued includes charges for the tour</p>
Services by a tour operator , if he provides service solely of arranging accomodation	10	<p>(i) SAME AS ABOVE</p> <p>(ii) The bill issued is for accomodation charges</p> <p>(iii) Not applicable where only service charges are included in the bill for arranging accomodation; it should also include cost of accomodation</p>
Services (other than booking accomodation & package tour)provided by a tour operator	40	<p>(i) SAME AS ABOVE</p> <p>(ii) The bill issued is the gross Amt for the tour</p>

DECLARED SERVICES

Construction of a complex, building, civil structures or a part thereof intended for sale to a buyer wholly or partly except where consideration is recd. After issuing completion certificate by competent authority.	25	(i) CENVAT Credit on inputs used for providing the Taxable Service has not been taken under the provisions of the CENVAT Credit Rules, 2004 (ii) The value of land is included in the amount charged from the service receiver
i) for residential unit having carpet area upto 2000 square feet or where the amount charged is less than rupees one crore; (ii) for other than the (i) above	30	

SECTION 66F (NEWLY INSERTED)- PRINCIPLES OF INTERPRETATION OF SPECIFIED DESCRIPTIONS OF SERVICES OR BUNDLED SERVICES.

- ❖ **“Bundled Service”** it means a bundle of provision of various services wherein an element of provision of 1 service is combined with an element or elements of provision of any other service



- ❖ Where a service is capable of differential treatment for any purpose based on its description, the most specific description shall be preferred over a more general description

BUNDLED SERVICES CONT...

❖ **Taxability of Bundled Services:**

If various elements of the service are bundled in the ordinary course of business



It shall be treated as provision of “single service which gives bundle its essential character”

If various elements of the service are not bundled on the ordinary course of business



It shall be treated as provision of the single service which results in highest liability of ST

SECTION 67A- DATE OF DETERMINATION OF RATE OF TAX, VALUE OF TAXABLE SERVICES AND RATE OF EXCHANGE



- ❖ The Rate of ST or the Value of Taxable Service or the Rate of Exchange applicable at the time when the Taxable Service has been provided or agreed to be provided, shall be the relevant Rate of St/ Value of Taxable Service/ rate of Exchange

Covered under Notification No. 30/2012

In this scheme ST is to be paid by Service recipient in place of Service Provider. The GOVT. has notified some taxable services & the extent of ST payable thereon by the person liable to pay ST, namely:





REVERSE CHARGE MECHANISM

TAXABLE SERVICES

- (i) Provided or agreed to be provided by an insurance agent to any person carrying on the Insurance Business;
- Provided or agreed to be provided by Goods Transport Agency (by road), the person liable to pay freight is :

REVERSE CHARGE SCHEME

(a) any factory registered under factories Act,1948

(b) any society registered under Societies registration Act,1860

(c) Any cooperative society established under any law

(d) Any dealer of excisable goods registered under Central Excise Act, 1944

(e) Any body corporate

(f) Any partnership firm whether registered or not

II Provided or agreed to be provided by way of Sponsorship to any body corporate or partnership firm located in the taxable territory

III Provided by ;

- (i) An Arbitral tribunal

REVERSE CHARGE SCHEME CONTD.....

(ii) Individual Advocate or a firm of Advocates

- (iii) Govt. or Local Body providing Support Services Excluding
 1. Renting of Immovable Property
 2. services under sub clauses (i), (ii), (iii) of clause (a) of sec 66D of FA,1994
- (iv) Provided by Renting of a motor vehicle designed to carry Passengers to any person who doesnot do same business or supply manpower, or works Contract Service by ant Individual, HUF, or Partnership Firm, body corporate located in the Taxable Territory.

REVERSE CHARGE MECHANISM

Services On Which Reverse Charge Applicable:

	Description Of Services	Service Recipient	Service Provider
1	Provided or agreed to be provided by an insurance agent to any person carrying on the Insurance Business	100%	0%
2	Provided or agreed to be provided by Goods Transport Agency (by road), the person liable to pay freight is (75% Abatement)	100%	0%
	Any Factory registered under factories Act,1948		
	Any Society registered under Societies Registration Act,1860		
	Any Cooperative Society established under any law		
	Any Dealer Of Excisable Goods registered under Central Excise Act, 1944		
	Any Body Corporate		
	Any Partnership Firm whether registered or not		

Services On Which Reverse Charge Applicable: Cont...

	Description Of Services	Service Recipient	Service Provider
3	Provided or agreed to be provided by way of Sponsorship to any body corporate or partnership firm located in the taxable territory	100%	0%
	Provided by	100%	0%
4	An Arbitral tribunal		
5	Individual Advocate or a firm of Advocates (i.e. not business entities)		
6	Provided by Govt. or Local Body providing Support Services Excluding	100%	0%
	(i) Renting of Immovable Property		
	(ii) services under sub clauses (i), (ii), (iii) of clause (a) of sec 66D of FA,1994		

Services On Which Reverse Charge Applicable: Cont...

	Description Of Services	Service Recipient	Service Provider
7	Service for renting or hiring any motor vehicle to carry passengers to a person who is not in similar business		
	(i) On abated value	100%	NIL
	(ii) On non abated value	50%	50%
8	Service of supply of manpower for any purpose	75%	25%
9	Service related to Works Contract	50%	50%
10	Service provided by a person located in non-taxable territory & recipient is located in taxable territory	100%	NIL
	Director of Company or body corporate	100%	NIL
	Recovery agents for banks/ financial institutions	100%	NIL

Services Brought Under Reverse Charge

- ◆ Service provided by a Director to a body corporate - service receiver, who is a body corporate will be the person liable to pay service tax.

Now entry 5A read as : “in respect of services provided or agreed to be provided by a director of a company or a body corporate to the said company or the body corporate”;

- ◆ Services provided by Recovery Agents to Banks, Financial Institutions and NBFC - service receiver will be the person liable to pay service tax.)

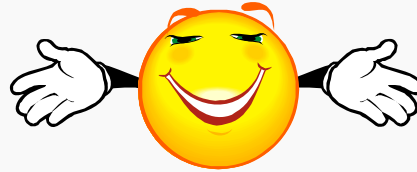
Now Entry 1A inserted as (in respect of services provided or agreed to be provided by a recovery agent to a banking company or a financial institution or a non-banking financial company) --- 100% by Recipient

GST- Way Forward

- ❖ **The Goods and Service Tax (GST) is one of the biggest taxation reforms in India. The Hon'ble Finance Minister in his Budget speech show cased the Union Government's commitment to implement Goods and Service Tax laws**
- ❖ **India is expected to move to the new tax regime from 01 April 2016**
- **Insertion of new Article 246A conferring simultaneous power to the Union and the State legislatures to legislate on GST.**
- **Insertion of new Article 279A for the creation of a Goods & Services Tax Council, which will be a joint forum of the Centre and the States. This Council would function under the Chairmanship of the Union Finance Minister**

Salient features of the GST Constitutional Amendment Bill

- ❖ Central Taxes like Central Excise Duty, Additional Excise Duties, Service Tax, Additional Customs Duty (CVD) and Special Additional Duty of Customs (SAD), etc. will be subsumed in GST.
- ❖ At the State level, Taxes like VAT/ Sales Tax, Central Sales Tax, Entertainment Tax, Octroi and Entry Tax, Purchase Tax and Luxury Tax, etc. would be subsumed in GST.
- ❖ The Centre will compensate States for loss of revenue arising on account of implementation of the GST for a period up to five years (The compensation will be on a tapering basis, i.e., 100% for first three years, 75% in the fourth year and 50% in the fifth year).



.....Thank you.....



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