BUDGET 2015 HIGHLIGHTS

SERVICE TAX

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KEY HIGHLIGHTS

1.	To be effective from a date to be notified after Finance Bill receives the assent of the President	Service tax rate increased from 12.36% to 14%.
2.	To be effective from a date to be notified after Finance Bill receives the assent of the President	Swachh Bharat Cess on all or any of the taxable services at the rate of 2%.
3.	To be effective from a date to be notified after Finance Bill receives the assent of the President	Services provided by the Government or local authority to a business entity will be taxable unless specifically exempted.
4.	To be effective from a date to be notified after Finance Bill receives the assent of the President	Service tax to be levied on service by way of admission to entertainment event of concerts, non-recognised sports events, pageants, music concerts, award functions if the **amount charged is more than Rs.500** for right to admission to such an event.
5.	1st April 2015	Service tax on transportation by rail, road and vessel-30% subject to a uniform condition of non –availment of cenvat credit on input,c apital goods and input services.
6.	1st April 2015	The taxable portion of value of air transport of passenger for higher classes shall be 60% as against economy class for which Service Tax is payable on 40% of the value.
7.	1st April 2015	Manpower supply and security services provided by an individual, HUF or partnership firm to a body corporate now full service tax will be payable by body corporate.
8.	01st March 2015	In respect of any service provided under aggregator model, the aggregator, or any of his representative office located in India or an agent of aggregator, is being made liable to pay Service Tax if the service is so provided using the brand name of the aggregator in any manner.
9.	01st March 2015	Registration for single premises shall be granted within two days of filing the application.

10.	1st April 2015	Exemption presently available on specified services of construction, repair, maintenance, renovation or alteration service provided to the Government, a local authority, or governmental authority limited only to:- (a) a historical monument, archaeological site or remains of national importance, archaeological excavation or antiquity; (b) canal, dam or other irrigation work; and (c) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal.
11.	1st April 2015	Earlier CENVAT credit to service receiver under partial reverse charge was eligible only if payment of service has been made to service provider. Now with effect from 1.4.2015 Rule 4(7) has been amended to allow CENVAT Credit of Service Tax paid under partial reverse charge by the service receiver without linking it to the payment to the service provider.
12.	1st April 2015	Exemption to construction, erection, commissioning or installation of original works pertaining to an airport or port is being withdrawn.
12.	Clarification	Consideration for a taxable service shall include all reimbursable expenditure or cost incurred and charged by the service provider.

Amendments in the CENVAT Credit Rules, 2004

1. Time limit for taking CENVAT credit on inputs and input services enhanced from the present 6 months to one year.
2. Time limit for return of capital goods from a job worker enhanced from the present 6 months to two years.

Section 76-Cases not involving fraud or collusion or willful miss-statement or suppression of facts or contravention of any provision of the Act or rules with the intent to evade payment of service tax:

1. Penalty not to exceed 10% of service tax amount involved in such cases;

2. No penalty is to be paid if service tax and interest is paid within 30days of issuance of notice;

3. A reduced penalty equal to 25% of the penalty imposed by the central excise officer by way of an order is to be paid if the service tax interest and reduced penalty is paid within 30days of such order.

Section 78-Cases involving fraud or collusion or willful mis-statement or suppression of facts or contravention of any provision of the Act or rules with the intent to evade payment of service tax:

1. Penalty not to exceed 100% of service tax amount involved in such cases;

2. Penalty equal to 15% of the service tax amount is to be paid if service tax and interest is paid within 30 days of issuance of notice;

3. A reduced penalty equal to 25% of the service tax amount determined by the central excise officer by way of an order is to be paid if the service tax interest and reduced penalty is paid within 30days of such order.