POINT OF TAXATION RULES,2011

- RULE 3
- RULE 4
- RULE 5
- RULE 6
- RULE 7
- RULE 8
- RULE 9

BY PRATEEK MISHRA

RULE 3 (DETERMINATION OF POINT OF TAXATION)

- If invoice issued within 14 days of completion of service

PAYMENT DATE

INVOICE DATE

WHICHEVER IS EARLIER

POINT OF TAXATION

- If invoice not issued within 14 days of completion of service

PAYMENT DATE

COMPLETION OF SERVICE DATE

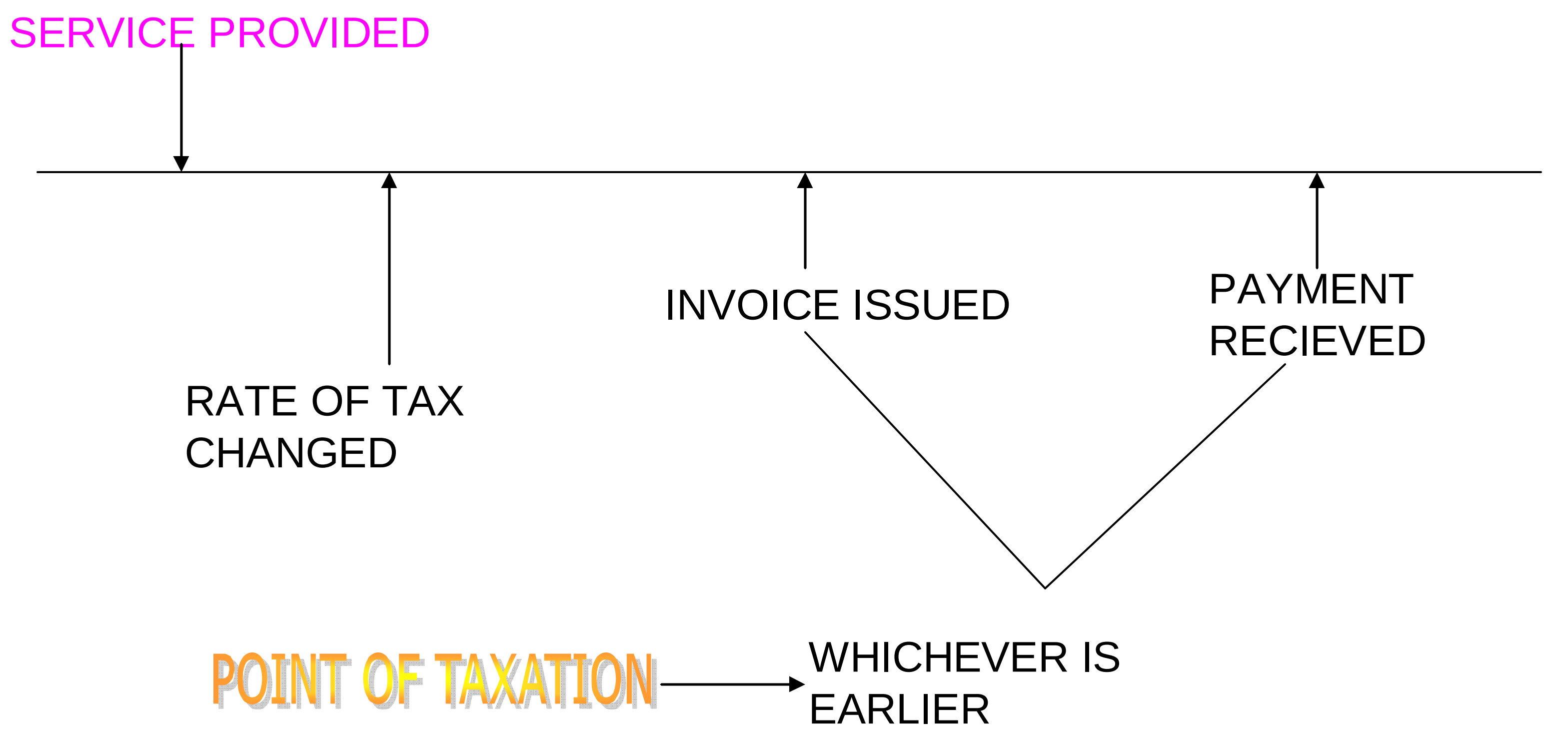
WHICHEVER IS EARLIER

POINT OF TAXATION

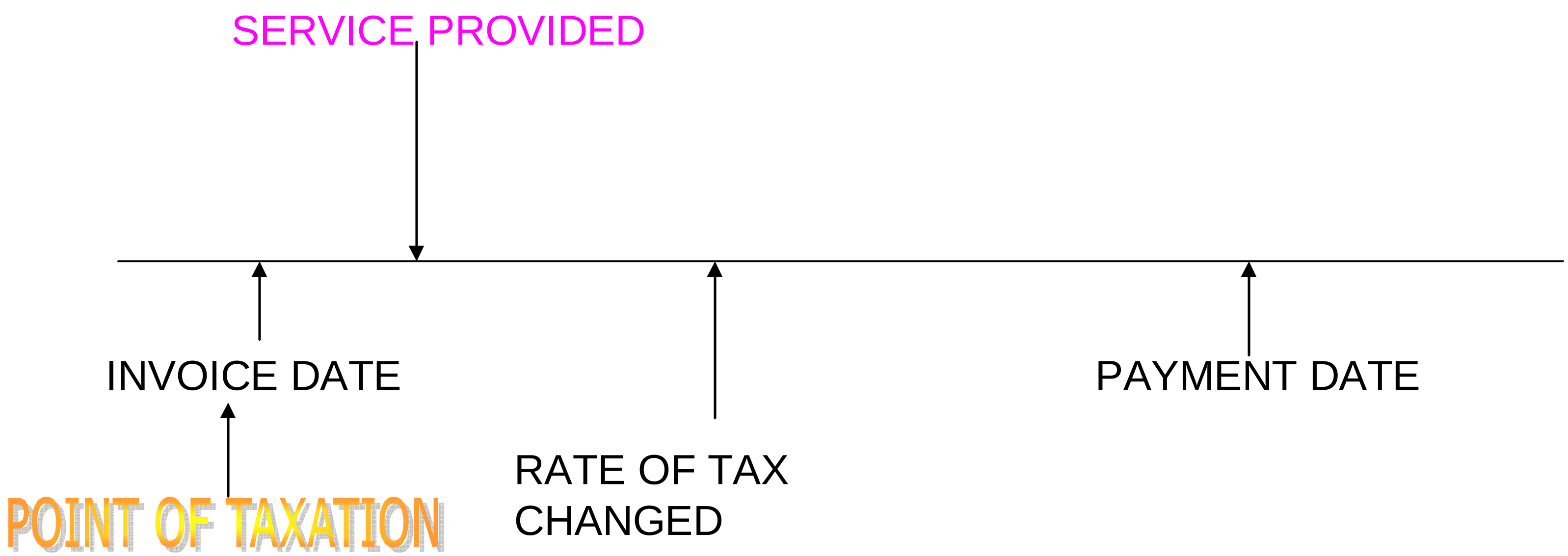
RULE4(DETERMINATION OF POINT OF TAXATION IN CASE OF CHANGE IN RATE OF TAX)

- CASE 1(SERVICE PROVIDED BEFORE CHANGE IN RATE)

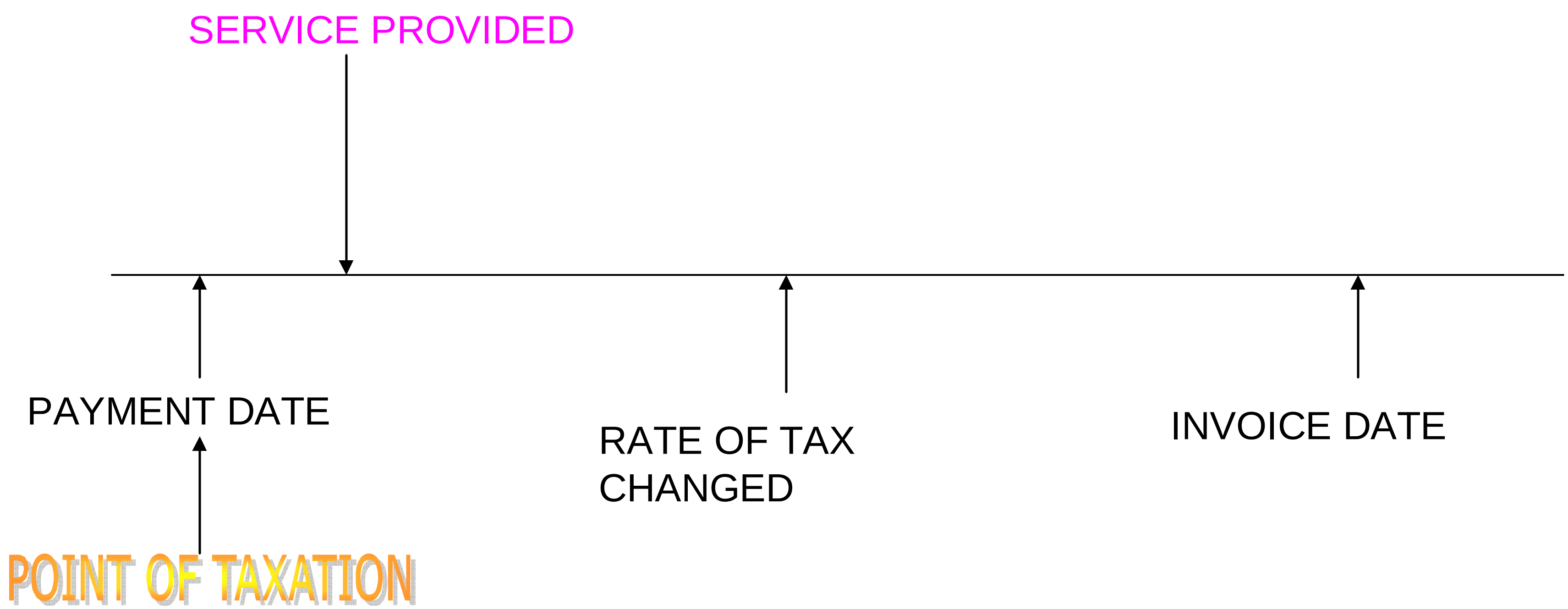
1) INVOICE ISSUED AND PAYMENT RECEIVED AFTER CHANGE IN RATE



2)INVOICE ISSUED PRIOR TO CHANGE IN RATE AND PAYMENT RECEIVED AFTER CHANGE IN RATE

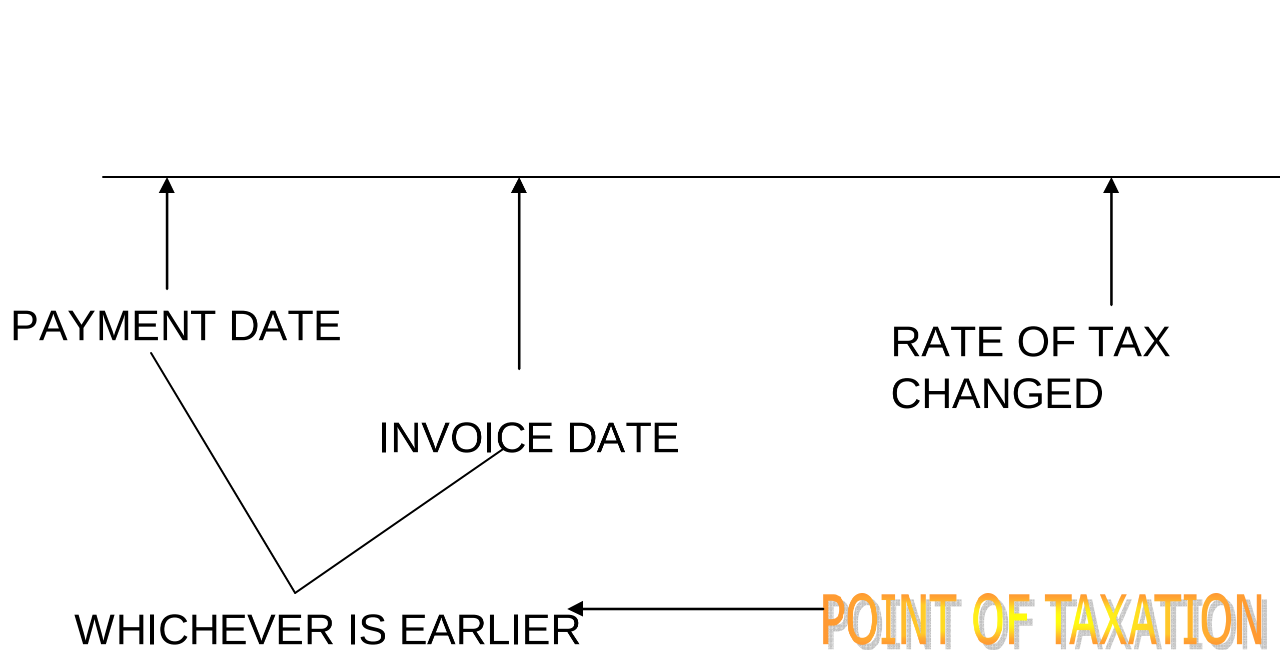


3) PAYMENT RECEIVED PRIOR TO CHANGE IN RATE AND INVOICE ISSUED AFTER CHANGE IN RATE

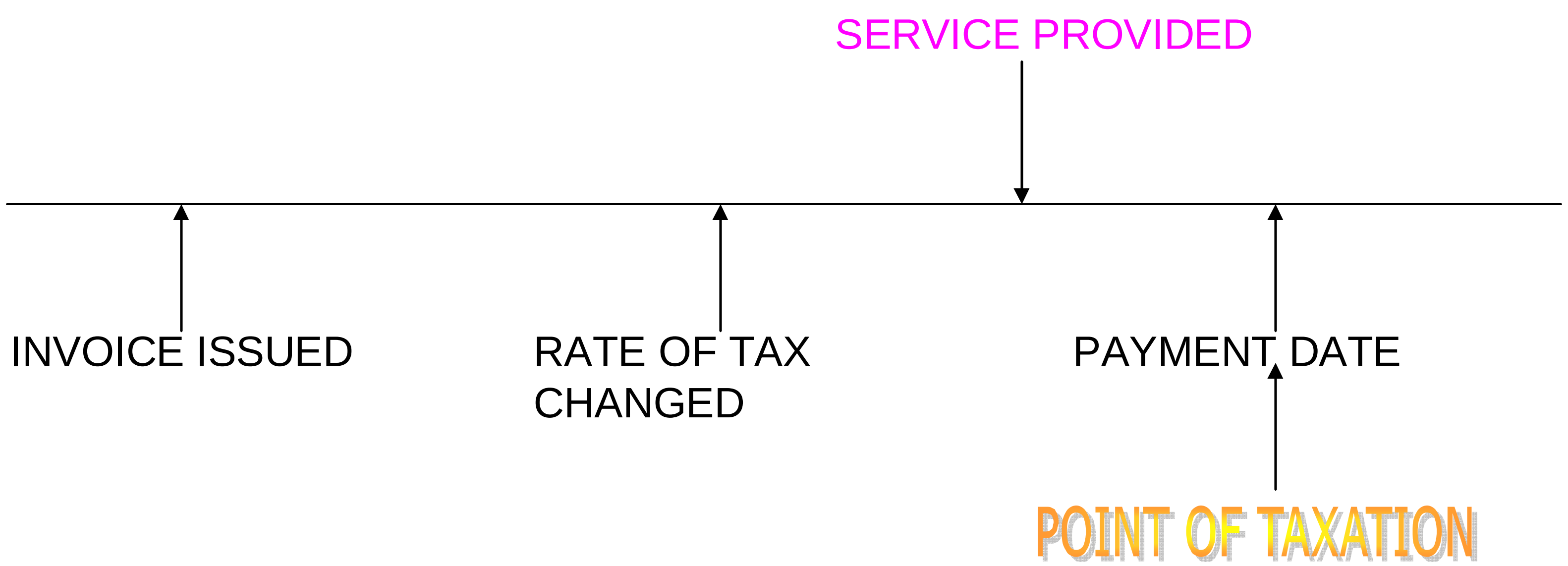


- CASE 2 (SERVICE PROVIDED AFTER CHANGE IN RATE)

1) INVOICE ISSUED AND PAYMENT RECEIVED BEFORE CHANGE IN RATE



2)INVOICE ISSUED PRIOR TO CHANGE IN RATE AND PAYMENT RECEIVED AFTER CHANGE IN RATE



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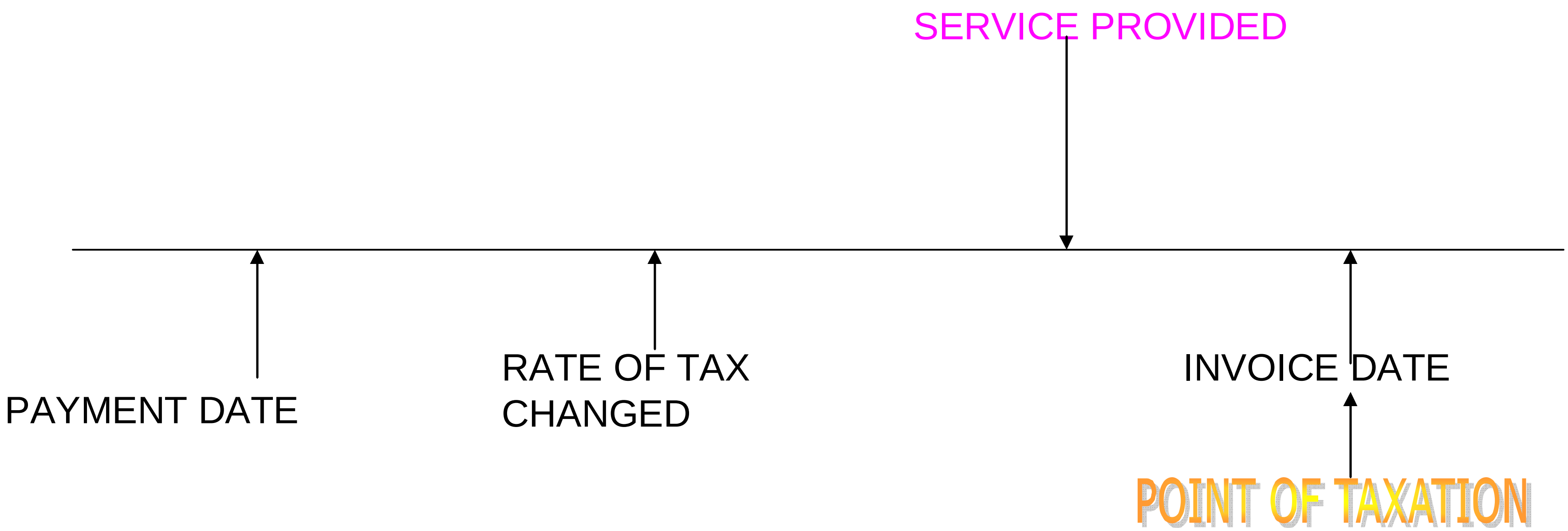
3) PAYMENT RECEIVED PRIOR TO CHANGE IN RATE AND INVOICE ISSUED AFTER CHANGE IN RATE



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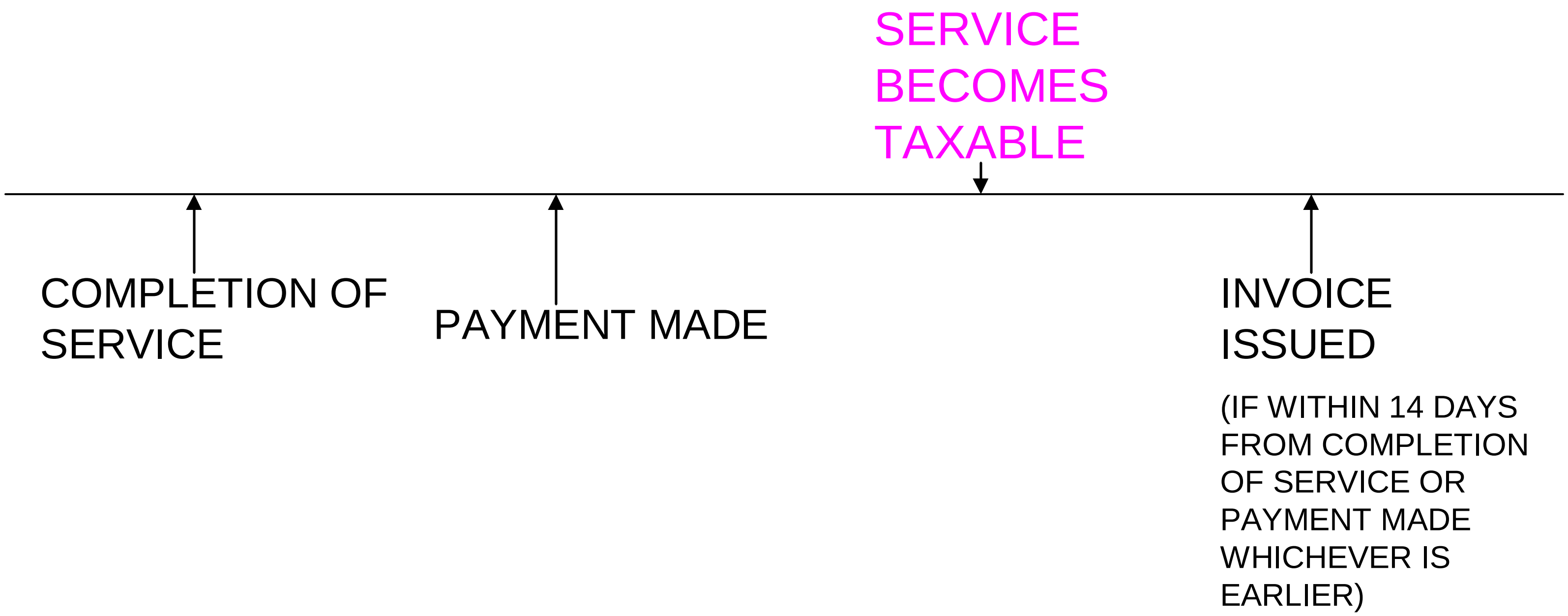
RULE 5 (PAYMENT OF TAX IN CASE OF NEW SERVICES)

CASE 1(NON-TAXABLE)

- **CASE 2(NON-TAXABLE)**



- **EVERY CASE OTHER THAN 1 & 2 IS TAXABLE**
- **IF NEW SERVICES FALLS UNDER AMBIT OF CONTINOUS SERVICE THEN RULE 6 IS APPLICABLE**

RULE 6 (DETERMINATION OF POINT OF TAXATION IN CASE OF CONTINOUS SUPPLY OF SERVICE)

SAME AS RULE 3 (REFER PG-2)

RULE 7 (DETERMINATION OF POT IN CASE OF SPECIFIED SERVICES OR PERSONS)

1)EXPORT OF SERVICES

2)WHERE SERVICE RECIEVER IS LIABLE TO PAY SERVICE TAX

3)INDIVIDUALS, PROPRIETARY FIRMS,OR PARTNERSHIP FIRMS PROVIDING FOLLOWING SERVICES

- (a) ARCHITECT
- (b) INTERIOR DECORATOR
- (c) CA/CS/CWA
- (d) Scientific & Technical Consultancy
- (e) Legal Services

FOR ABOVE CASES POT SHALL BE DATE OF PAYMENT MADE OR RECEIVED AS THE CASE MAY BE.

FOR (1) & (2) IF PAYMENT NOT RECEIVED WITHIN 12 & 6 MONTHS, POT SHALL BE DETERMINED AS IF THIS RULE DOES NOT EXIST.

IN CASE OF “ASSOCIATED ENTERPRISE” DATE OF CREDIT IN BOOKS OF PERSON RECEIVING SERVICE OR DATE OF MAKING PAYMENT WHICHEVER IS EARLIER

RULE 8 (DETERMINATION OF POT IN CASE OF INTELLECTUAL PROPERTY RIGHTS SERVICES)

WHEN AMOUNT OF CONSIDERATION IS NOT ASCERTAINABLE AT TIME OF PERFORMANCE OF SERVICE AND SUBSEQUENTLY IT GIVES RISE TO PAYMENT OF CONSIDERATION THEN IT SHALL BE TREATED AS HAVING PROVIDED EACH TIME, THEN POINT OF TAXATION SHALL BE DATE OF INVOICE ISSUED OR PAYMENT RECEIVED WHICHEVER IS EARLIER.

IN CASE OF LUMP SUM PAYMENT MADE THEN RULE 3 WILL BE APPLICABLE RATHER THAN RULE 8 .

RULE 9 (TRANSITIONAL PROVISIONS)

NOTHING CONTAINED IN THESE RULES SHALL BE APPLICABLE –

(i) WHERE THE PROVISIONS OF SERVICE IS COMPLETED; OR

(ii) WHERE INVOICES ARE ISSUED

PRIOR TO DATE OF THESE RULES COME INTO FORCE

THE END

THOUGH I HAVE TRIED MY LEVEL BEST TO MAKE THIS PRESENTATION ERROR FREE, HOWEVER SOME ERRORS MAY STILL REMAIN.

IF YOU FOUND ANY ERROR OR ANY ISSUE WHICH WAS NEGLECTED BY ME THEN PLEASE FREE TO MAIL ME, I WILL BE MORE THAN HAPPY TO RECTIFY IT.