



MANPOWER SUPPLY SERVICE

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WHAT IS MANPOWER ALL ABOUT ??



- ◉ Supply of manpower" means supply of manpower, temporarily or otherwise, to another person to work under his superintendence or control.
- ◉ The important condition to attract the manpower supply service is that the labour supplied should work under control and supervision of the person receiving the services.
- ◉ If the labour supplied work on piece rate basis then this is again not a manpower supply service.
- ◉ The agreement between the service provider and service recipient should make clear that under whose supervision labour will work.

APPLICABILITY OF REVERSE CHARGE ON MANPOWER SUPPLY SERVICE

Service Provided by :-

- ◉ Individual
- ◉ HUF
- ◉ Proprietary Firm
- ◉ Partnership Firm
- ◉ Association of Persons

Service Tax payable is
25% of Value



Service Received by :-

Business Entity
+
BODY CORPORATE

Service Tax payable is
75% of Value





Q: What is Reverse Charge Mechanism?

A: In Reverse charge person receiving the services pays service tax rather than person providing the services.

Q: What is the meaning of term superintendence and control?

A: AS is commonly understood - that is instructions relating to work are given by Principal employer, work to be done by workman is decided by the employer, if work is not done, necessary action is taken .

Q: Service tax liability of recipient of services if providers turnover is less than 10 lac ?

A: In this case also service tax shall be paid by recipient of service by taking proper registration under service tax .

Q: Who is body Corporate ?

A: A company, Government Corporations formed under Act, is a 'body corporate' .

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Q: Is reverse charge also applicable on manpower recruitment agency ?

A: In my view reverse charge is applicable on Manpower suppliers and not on Manpower recruitment agency, But litigations are possible from the department side .

Q : How Body Corporate can avoid applicability of reverse Charge on them ?

A: As per my view the following options are available :-

- 1. The Agreement should clearly state that Manpower supplied shall work under the superintendence and control of the Manpower supplier .**
- 2. The Body Corporate should advice their Manpower suppliers to convert their organization into a Private Limited company.**

Thank You