TOUR OPERATOR SERVICE

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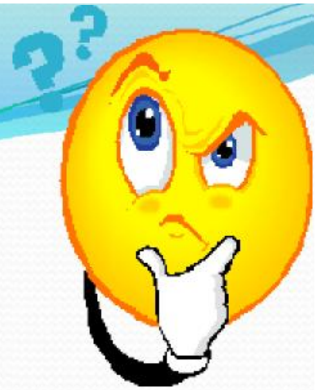
What is Tour Operator Service ??



- If you are

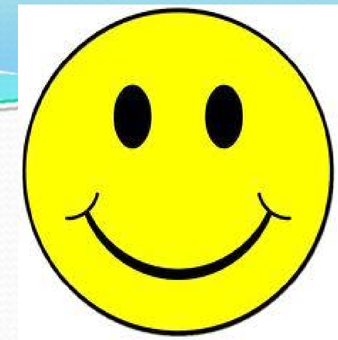
1. Planning
2. Scheduling
3. Organizing
4. Arranging
5. Or any combination of Above

by any mode of transport like air, bus, car etc. then you are a tour operator.

- Arrangement of accommodation, sightseeing, entry to monuments, tourist guide and food also comes under tour operator service.

- After 01-07-2012 tour operator service is taxable with some exemption in law.

Exemption for Tour Operator



Tours	Exempt Portion	Taxable Portion
Package tour	75%	25%
Only Booking of Accommodations	90%	10%
In All Other Cases (Residual)	60%	40%

PRECAUTIONERY MEASURES

- If you are availing benefit of exemption on service tax then avoid availing CENVAT credit on:-

  1. Input Services
  2. Capital Goods
  3. Other Inputs

- The invoice raised by you should include the whole amount charged from the customer and not only your service charge for the service provided to customers.

Q: Is it compulsory to avail exemption on service tax?

A: Exemption on tour operator service are in the nature of relaxation given by the Government, It is not mandatory to avail the exemption.

Q:What about CENVAT when no exemption is availed?

A: You can avail CENVAT as usual.

Q: Is it mandatory to show whole amount charged in the invoice issued to customer ?

A: Yes, If you are availing benefit of exemption .

Q: What is Package tour?

A: A tour where transport, accommodation for stay, food, tourist guide, entry to monuments and other similar service are provided by tour operator.