STRUCTURE OF SERVICE TAX IN INDIA

PRESENTATION BY CA VINOD KAUSHIK

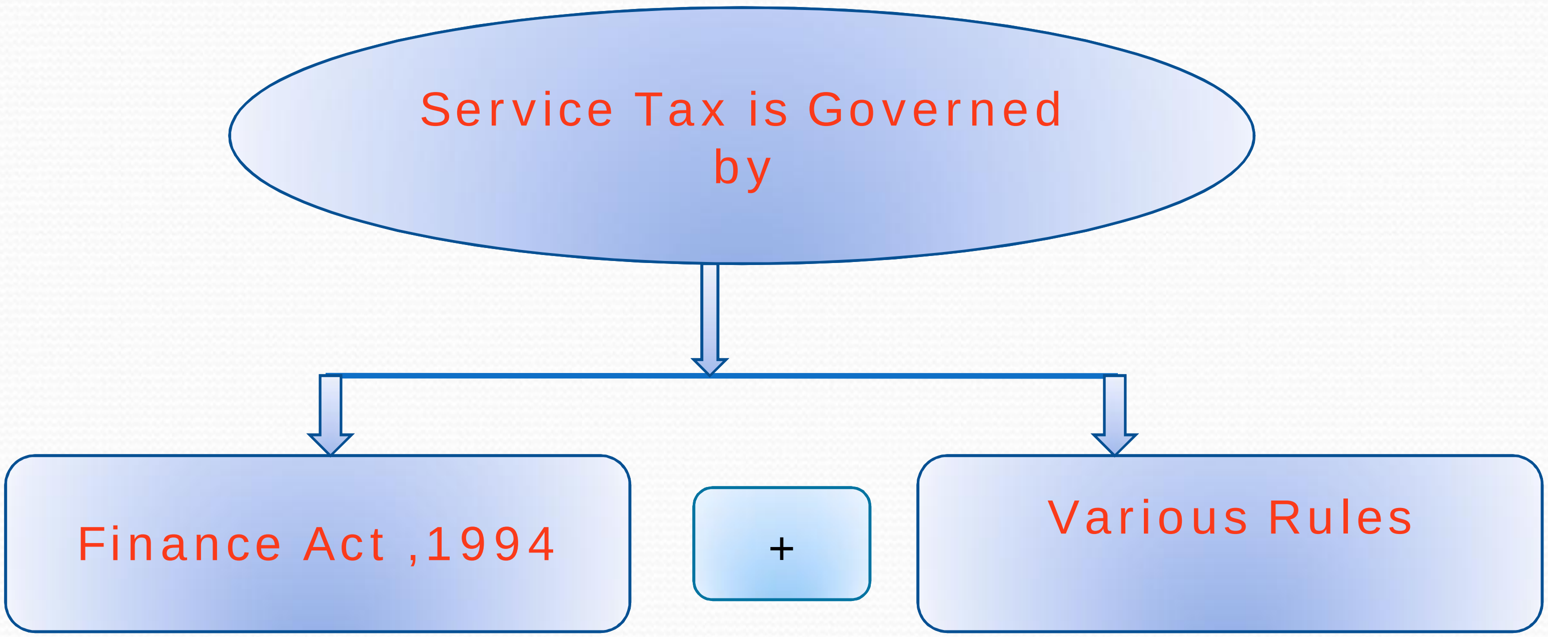
CALL ME: +91-9953236278

www.servicetaxsolution.in

LEGAL BACKGROUND OF SERVICE TAX

- The Service Tax in India has been imposed vide Entry No.97 of Union list of Indian constitutional where Central Govt. is free to make laws.

- There is no separate Act for Service Tax in India.



- The Service Tax is administered by central Excise Department from its various office across the Country.

Taxable Services in India

From 01-07-2012 every Service is Taxable in India.

Except the following Services

S no.	Services	No of services
1	Services mentioned in the Negative list	17
2	Services which are kept out of definition of service	08
3	Services which are exempted by a notification	39

REGISTRATION, EXEMPTION & CENVAT CREDIT

- The liability to take registration starts when your Gross Receipts exceeds Rs. 09 Lacs in the financial year.

- If the Gross Receipt of an Assessee is up to Rs.10 Lacs, They Are Not Required To Pay Service Tax.

- Exemption of Rs.10 Lacs is available to every person providing taxable Services.

- The CENVAT credit is available to Service Providers on :

INPUT

INPUT SERVICES

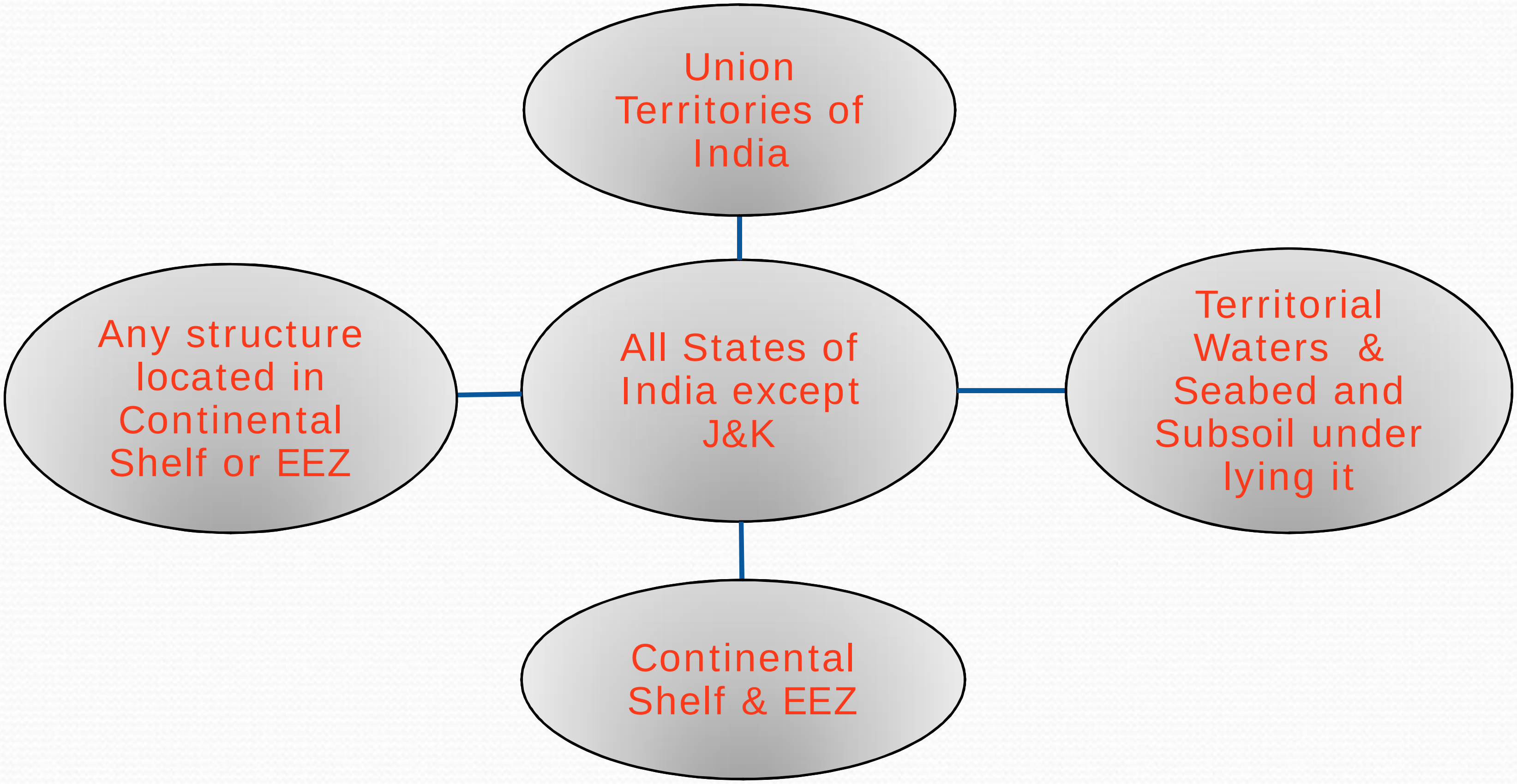
CAPITAL GOODS

Point of Taxation	• Earlier of two events • Receipt of Payment OR • Issue of Invoice
Returns	• Online Half Yearly Returns in Form ST-3
Interest	• Simple Interest @ 18% shall be charged for late payment

MEANING OF TAXABLE TERRITORY IN SERVICE TAX

- ONLY THOSE SERVICES ARE TAXABLE IN INDIA,WHICH ARE PROVIDED IN TAXABLE TERRITORY.

- TAXABLE TERRITORY MEANS :



Reverse Charge Mechanism (Service Tax paid by Recipient of Service)

- Services of Insurance Agent
- Goods Transport Agency
- Sponsorship Services
- Services by Arbitral Tribunal
- Support Services provided by Government
- Supply of Manpower including Security Services
- Renting of Motor Vehicle designed to carry passengers
- Works Contract Services
- Import of Services in India
- Service Provided by Non Executive Directors of Company

Penalty Provisions in Service Tax

Penalty for failure to pay Service Tax

Rs. 100 per day or 1% p.m

(Higher of the two but max-50 % of Tax amount)

Penalty for suppression in Value

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Equal to amount of Service Tax

Residuary Penalty

Rs. 10000 or Rs. 200 Per day

(Higher of Two)

Thank you