HIREGANGE & ASSOCIATES

Summary of Service Tax Rule with Charts

Successful people don't do different things; they do things differently... :)

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SERVICE TAX RULES, 1994

Hi Friends,

It is a well known fact that most of us find it difficult reading the Finance Act and the related Service Tax Rules. However, it is mandatory for all concerned to understand the Service Tax laws, considering the importance it has been gaining over the years and also in view of the fact that GST is round the corner.

I have tried my level best to make the presentation simple and easy and have also tried to make it colorful in the slides that are to follow. I am sure you will find the same beneficial and useful.

COME! LETS MAKE BARE ACT COLORFUL !!

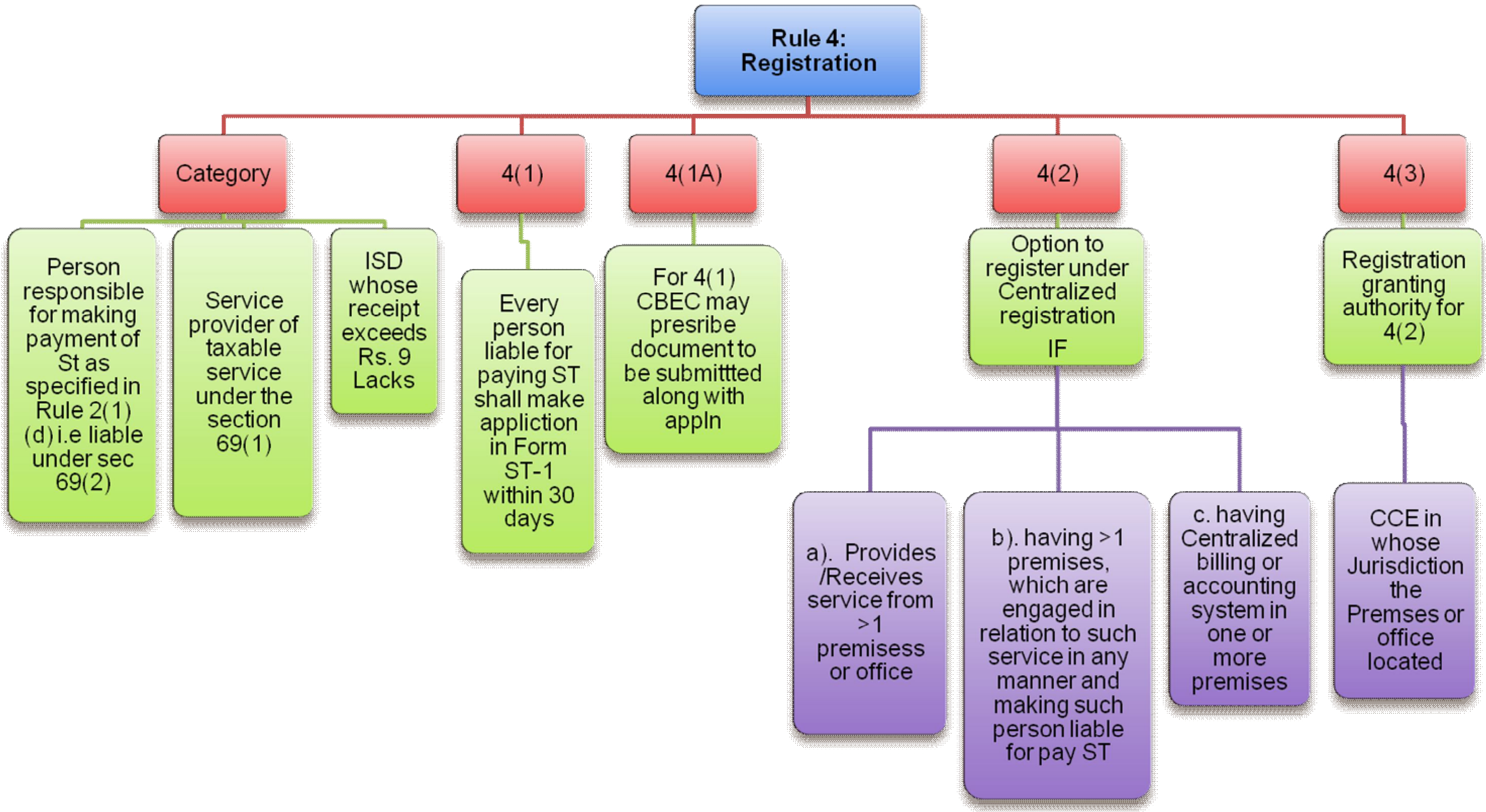
Rule 1: short title and commencement

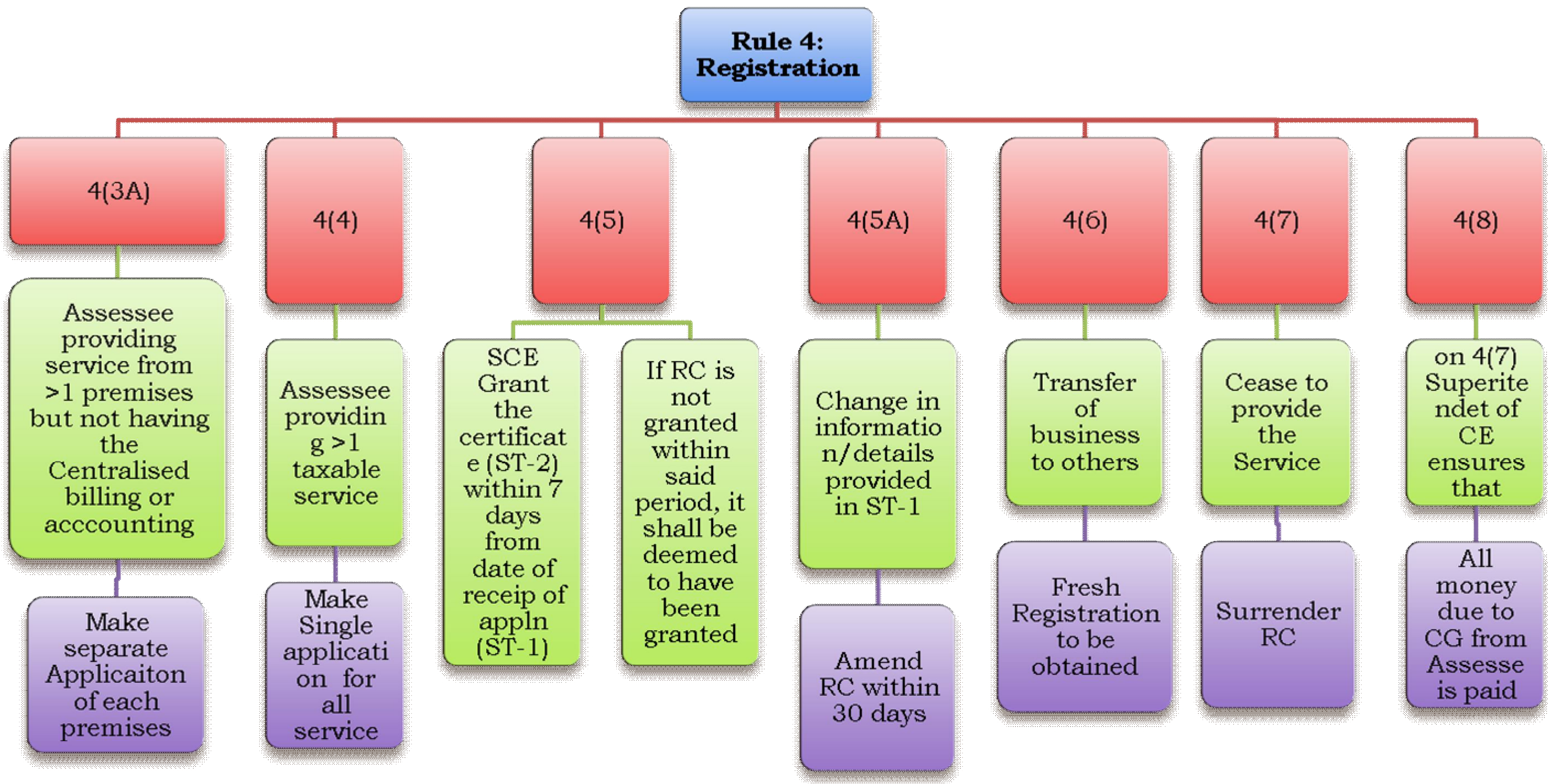
- called as Service tax Rules, 1994
- shall come into force on 1st day of July 1994

Rule 2: Definition

Rule 3: Appointment of Officer

- CBEC may appoint such CEO as it thinks fit for exercising the power under the chapter V of the Act within such local limit


Rule 4: Registration
Category
Person responsible for making payment of St as specified in Rule 2(1)(d) i.e liable under sec 69(2)
Service provider of taxable service under the section 69(1)
ISD whose receipt exceeds Rs. 9 Lacks
4(1)
Every person liable for paying ST shall make appliction in Form ST-1 within 30 days
4(1A)
For 4(1) CBEC may presribe document to be submitttted along with appln
4(2)
Option to register under Centralized registration IF
a). Provides /Receives service from >1 premisess or office
b). having >1 premises, which are engaged in relation to such service in any manner and making such person liable for pay ST
c. having Centralized billing or accounting system in one or more premises
4(3)
Registration granting authority for 4(2)
CCE in whose Jurisdiction the Premses or office located


Rule 4: Registration
4(3A)
Assessee providing service from >1 premises but not having the Centralised billing or acccounting
Make separate Applicaiton of each premises
4(4)
Assessee providing >1 taxable service
Make Single application for all service
4(5)
SCE Grant the certificate (ST-2) within 7 days from date of receip of appln (ST-1)
If RC is not granted within said period, it shall be deemed to have been granted
4(5A)
Change in information/details provided in ST-1
Amend RC within 30 days
4(6)
Transfer of business to others
Fresh Registration to be obtained
4(7)
Cease to provide the Service
Surrender RC
4(8)
on 4(7) Superitendet of CE ensures that
All money due to CG from Assesse is paid

•**Rule 4A: Taxable service to be provided or credit to be distributed on invoice, bill or challan**

•4A(1) Every person providing taxable service shall issue an invoice not later than 30 days from the date of
• completion of such taxable service or receipt of any payments towards the value of such service taxable , **whichever is earlier**; and such invoice should be

- Serially numbered
- the name, address and the registration number of such person;
- the name and address of the person receiving taxable service;
- description and value of taxable service provided or agreed to be provided; and
- the service tax payable thereon

•**4A(2)**:Invoices raised for Input service distributor, No format for bill/challan/invoice.

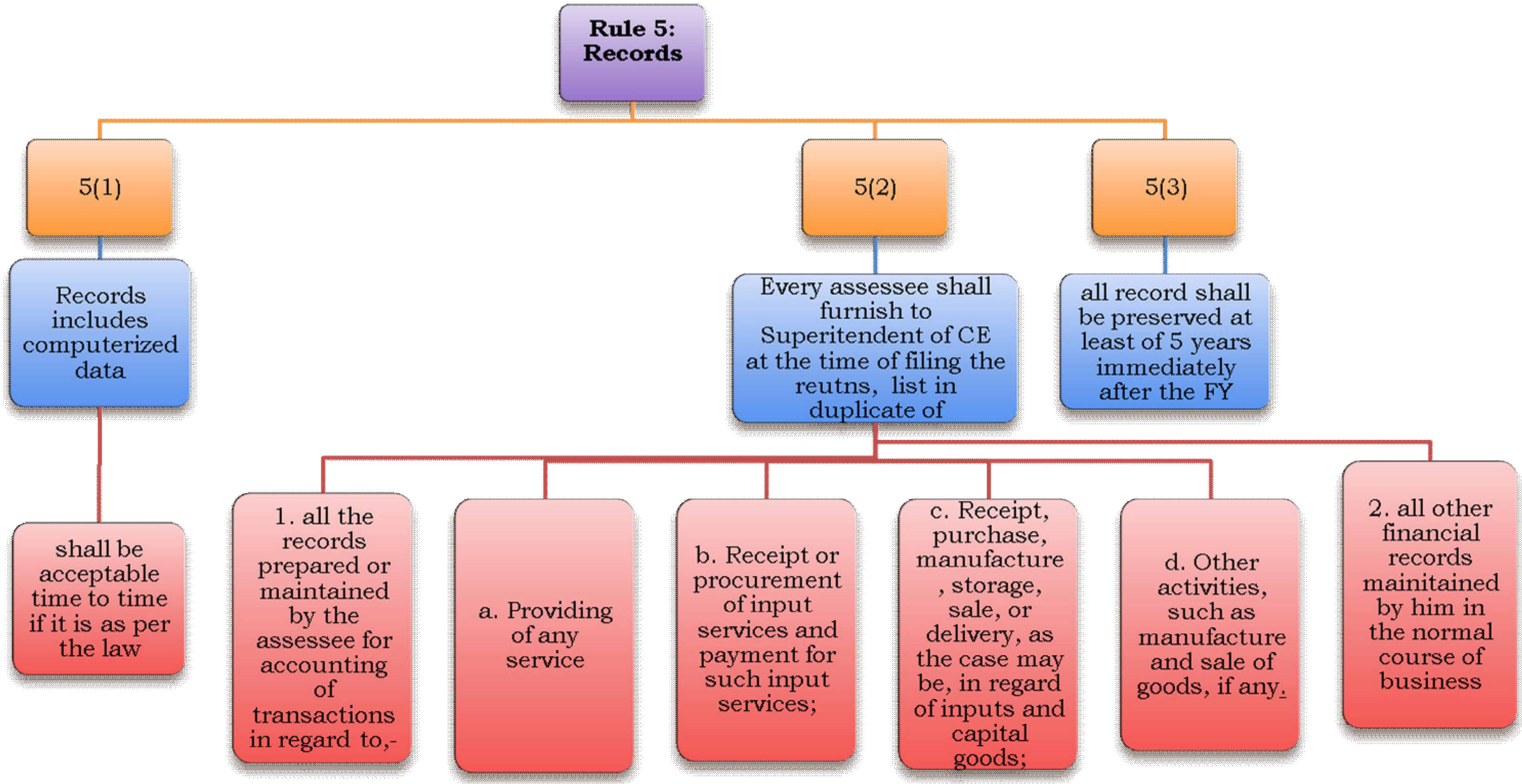
- Should contain the following details:-
- Name, address and registration no. of the service provider;
- S. No. & Date;
- Name & address of the ISD;
- Name and address of the; recipient, to whom the service tax credit is distributed; and
- The amount of credit being distributed.

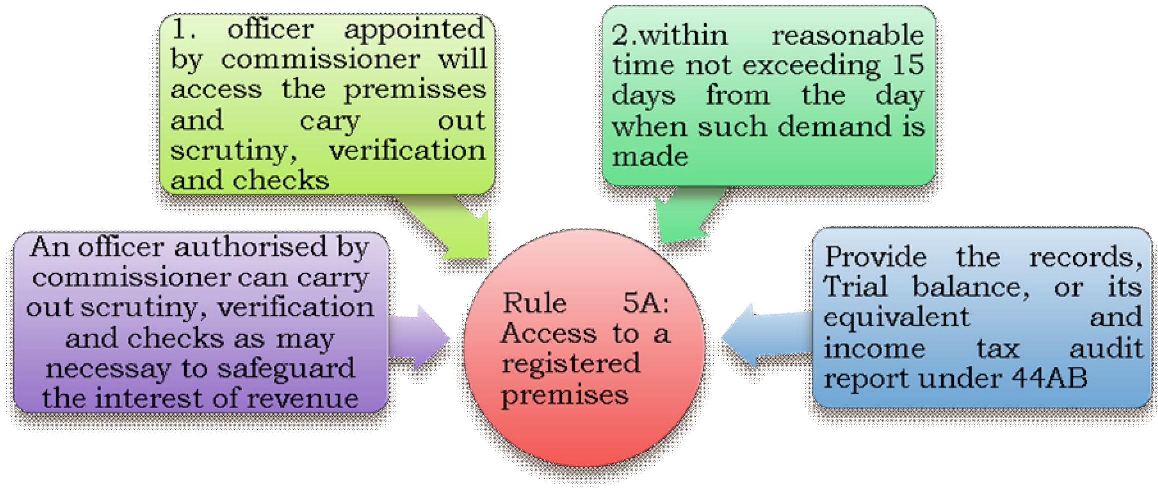
•For Banking/ FI- If inovice not containing data as per Rule 4A shall be considered as Invoicee (within 45 days)
•If continueous supply of service- invoice to be raised within 30 days of the dte when each event specified(Milestone) in the contract
•GTA- Consignment Note can be treated as invoice

RULE 4B: Issue of consignment Note

Any goods transport agency which provides service in relation to transport of goods by road in a goods carriage shall issue a consignment note to the recipient of service .

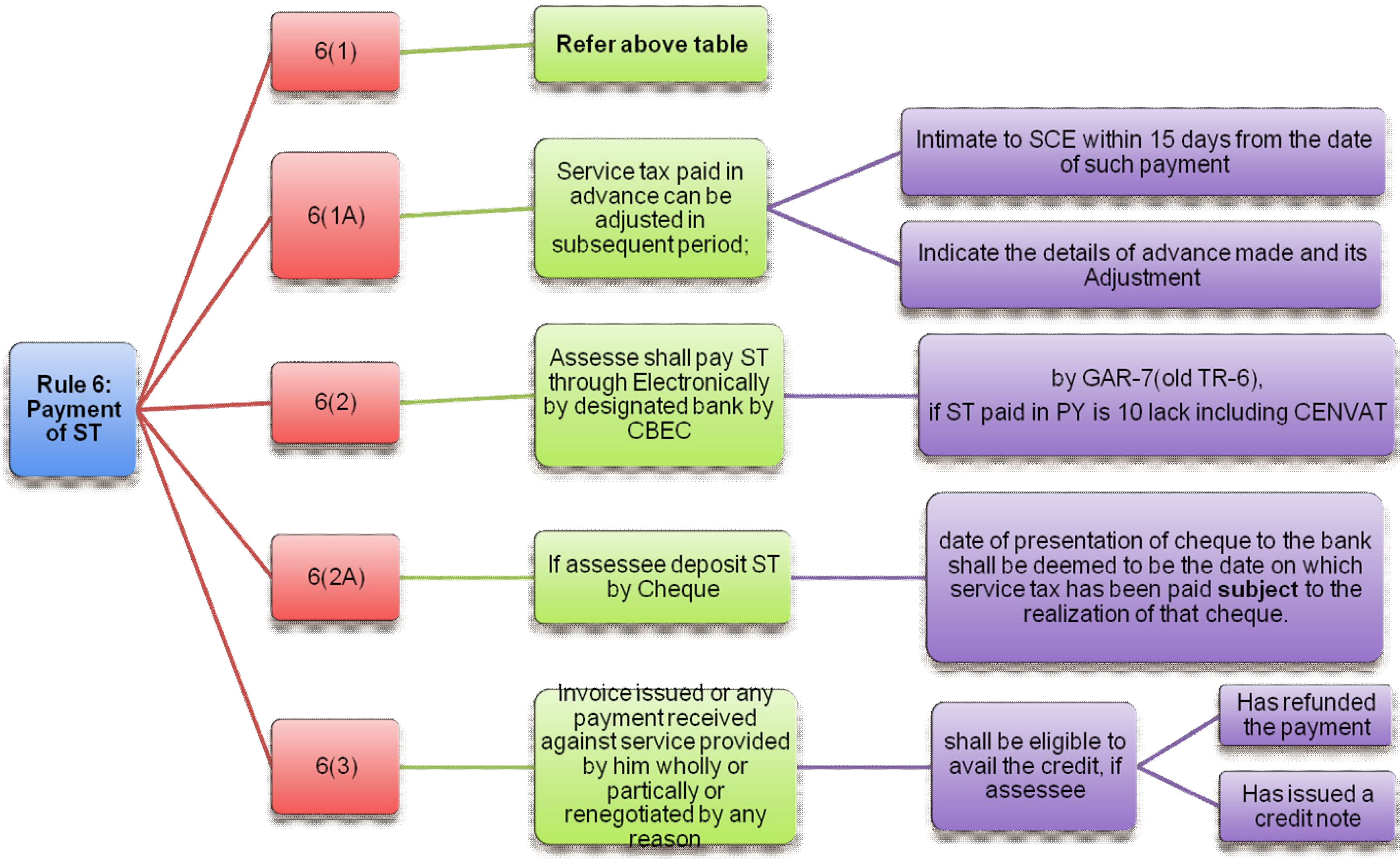
consignment note” means a document, issued by a goods transport agency against the receipt of goods for the purpose of transport of goods by road in a goods carriage, which is serially numbered, and contains the name of the consignor and consignee, registration number of the goods carriage in which the goods are transported, details of the goods transported, details of the place of origin and destination, person liable for paying service tax whether consignor, consignee or the goods transport agency.


Rule 5: Records
5(1)
Records includes computerized data
shall be acceptable time to time if it is as per the law
5(2)
Every assessee shall furnish to Superitendent of CE at the time of filing the reutns, list in duplicate of
1. all the records prepared or maintained by the assessee for accounting of transactions in regard to,-
a. Providing of any service
b. Receipt or procurement of input services and payment for such input services;
c. Receipt, purchase, manufacture, storage, sale, or delivery, as the case may be, in regard of inputs and capital goods;
d. Other activities, such as manufacture and sale of goods, if any.
2. all other financial records mainitained by him in the normal course of business
5(3)
all record shall be preserved at least of 5 years immediately after the FY



Rule 6(1): Payment of Service Tax

Category of assessee	Period of payment	Period	Due Date
Individuals, proprietary firms or partnership firms.	Quarterly	April to June July to September October to December	5th (6th in case of e-payment) of the month immediately following the said quarter.
		January to March	31st March
Others	Monthly	All months except March	5th (6th in case of e-payment) of the month immediately following the calendar month.
		March	31st March
Tax on Receipt basis - Individuals and partnership firms having aggregate value of taxable service is =<50 Lakh rupees in Previous FY, shall have the option to pay tax on receipt basis up to 50Lakhs			
E- Payment is Mandatory - If Service tax paid (Including payment through CENVAT credit) is 10 Lakhs or more in the preceding financial year.			


Rule 6: Payment of ST
6(1)
Refer above table
6(1A)
Service tax paid in advance can be adjusted in subsequent period;
Intimate to SCE within 15 days from the date of such payment
Indicate the details of advance made and its Adjustment
6(2)
Assesse shall pay ST through Electronically by designated bank by CBEC
by GAR-7(old TR-6),
if ST paid in PY is 10 lack including CENVAT
6(2A)
If assessee deposit ST by Cheque
date of presentation of cheque to the bank shall be deemed to be the date on which service tax has been paid subject to the realization of that cheque.
6(3)
Invoice issued or any payment received against service provided by him wholly or partically or renegotiated by any reason
shall be eligible to avail the credit, if assessee
Has refunded the payment
Has issued a credit note

Rule 6: Payment of ST

- 6(4): Provisional Assessement
  - If Assesse unable to estimate ST Liability
    - shall give written request to SCE
      - SCE estimate the liablity; and assessee will pay the ST
- 6(4A):): adjust ment of Excess amount paid
  - Not withstanding subrule (4), if assessee has paid more than actual
    - Assesee may adjust excess amount paid by him against subsequent ST liability
- 6(4B): adjust ment of Excess amount paid without any limit
  - if excess ST paid is on account of reason not involving Interpretation of law, taxability, valuation or appplicability of any exemption notification
- 6(4C): excess paid with regarding to Renting of Immovble property
  - If ST paid on gross value without deducting property tax then the same can be adjusted within one year from the date of payment of such property tax under the notification no. 29/2012 ST

    Same to be intimated to the SCE officer within 15 days from the date of such adjustment
- 6(5) ST-3A
  - Where an assessee under sub-rule (4) requests for a provisional assessment he shall file a statement giving details of **the difference between the service tax deposited and the service tax liable to be paid** for each month in a memorandum in Form ST-3A accompanying the monthly or quarterly return, as the case may be.
- 6(6): Memorandum of Form 3A
  - AC/DC/ Complete Assessment after calling information if any
- 6(6A)
  - Where an amount of service tax payable has been self-assessed under sub-section (1) of section 70 of the Act, but not paid, either in full or part, the same, shall be recoverable along with interest in the manner prescribed under section 87 of the Act.

Rule 6 (7): Service tax on Air travel agent by air

On booking of tickets for travel	Rate
Domestic booking	0.6% of the basic fare
International Booking	1.2% of the basic fare
"Basic fare" means that part of the air fare on which commission is normally paid to air travel agent by the air line	

Rule 6(7A)(ii) - Life Insurance

Gross Amount of Premium Charged	Rate
1st year	3%
Subsequent Years	1.5%

Rule 6(7B) - Money Changing

Gross Amount of Currency Exchanged	Rate
Up to Rs.1,00,000	0.12% subject to minimum of Rs.30
For an amount exceeding Rs.1,00,000 and up to Rs.10,00,000	Rs.120 and 0.06%
For an amount exceeding Rs.10,00,000	Rs.660 and 0.012% subject to maximum of Rs.6,000

Rule 6(7C) - Distributor or Selling Agent of Lotteries

Guaranteed Prize Payout	Rate
More than 80%	Rs.7,000/- on every Rs.10 Lakh (or part of Rs.10 Lakh) of aggregate face value of lottery tickets printed by the organizing State for a draw
Less than 80%	Rs.11,000/- on every Rs.10 Lakh (or part of Rs.10 Lakh) of aggregate face value of lottery tickets printed by the organizing State for a draw

Rule 6A: Export of Service

Rule 6A: Export of Service

- 1. Service provided or agree to be provided shall be treated as Export of service;
  If 6 Conditions satisfied
  - a) The provider of service is located in the taxable territory,
  - b) The recipient of the service is located outside India,
  - c) The service is not a service specified in the section 66D of the Act,
  - d) The place of provision of the service is outside India,
  - e) The payment for such services has been received by the provider of service in convertible foreign exchange, and
  - f) The provider of service and recipient of service are not merely establishments of a distinct person
- CG may by notification can grant rebate
  - the rebate shall be allowed subject to such safeguards, conditions and limitations,

Rule 7: Returns

Every assessee shall submit a half yearly return in From 'ST-3' or 'ST-3A', along with a copy of the Form TR-6, in triplicate

2. submit by 25th of following particular half year

3. All asessee should file Electronically;

madatory by Notification no 21/2011

4. CBEC may extend the time limit in special circumstances by notification

Rule 7B: Revision of Returns

Condition.

its because of omission or mistake

Form ST-3 in tripliate

Within 90 days from the date of submission under rule 7

Rule 7C: Delay in furnishing Return

Assesse shall pay such amt to CG,

Upto 15 days	Penalty of Rs. 500
from 16 to 30 days	Penalty of Rs. 1,000
Above 30 days	Rs. 1,000+100 per day, maximum of Rs. 20,000

Provided also that where the gross amount of service tax payable is nil, the Central Excise officer may, on being satisfied that there is sufficient reason for not filing the return, reduce or waive the penalty

Rule 8: Form of appeals to Commissioner of Central Excise (Appeals)

1. appeal U/s 85 of FA to the CCE(appeals) be in Form ST-4

2. appeal file in Duplicate and shall be accomanied by a copy of order Appealed against.

Rules 9: Form of appeals to Appellate Tribunals

Form	Description	Copy and documents	To Whom
ST-5	Form of Appeal to Appellate Tribunal under section 86 of the Finance Act,1994	In quadruplicate and shall be accompanied by a copy of Order appealed against (one of which shall be certified copy)	Appellate Tribunal
ST-6	Form of memorandum of cross objections to the Appellant Tribunal under section 86 of Finance Act, 1994		
ST-7	Form of application to Appellate Tribunal under Section 86(2) [or Sec.86(2A) of the Finance Act,1994	In quadruplicate and shall be accompanied by a copy of CCE(one of which shall be certified copy) and cop of order passed by CBEC directing the CCE to apply to Appellate Tribunal	

Rule 10: Procedure and facilities for Large taxpayer

Forms under Service TAx

Form type	Description
GAR-7	G.A.R Pro-forma of Service tax payments
ST-1	Application form for registration under Section 69 of the Finance Act, 1994
ST-2	Certificate of registration under Section 69 of The Finance Act, 1994 (32 of1994)
ST-3	Return under Section 70 of the Finance Act, 1994
ST-3A	Memorandum for provisional deposit under rule 6 of the Service Tax Rules,1994
ST-4	Form of Appeal to the Commissioner of Central Excise (Appeals)
ST-5	Form of Appeal to Appellate Tribunal under section 86 of the Finance Act,1994
ST-6	Form of memorandum of cross objections to the Appellant Tribunal under section 86 of Finance Act, 1994
ST-7	Form of application to Appellate Tribunal under Section 86(2) [or Sec.86(2A) of the Finance Act,1994

AAR(ST-I)	Application for Advance Ruling (Service Tax)
ASTR-1	Application for filing a claim of rebate of service tax and Cess paid on taxable services exported
ASTR-2	Application for filing a claim of rebate of duty paid on inputs, service tax and Cess paid on input services
Application	Pro-forma for Application for permission to file ST-3 Return electronically
Form -A	Application for refund of CENVAT credit under Rule 5 of the CENVAT Credit Rules, 2004

Thank You

I have not covered the Definitions Part covered under Rule 2. This being my first presentation, I am sure there would be lot of scope for improvement. I therefore sincerely look forward to your valuable feedback and suggestions which would be of great help to me.

Finally, tax is never loved by anyone since it is a ‘fine’ for doing things right!