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SERVICE TAX

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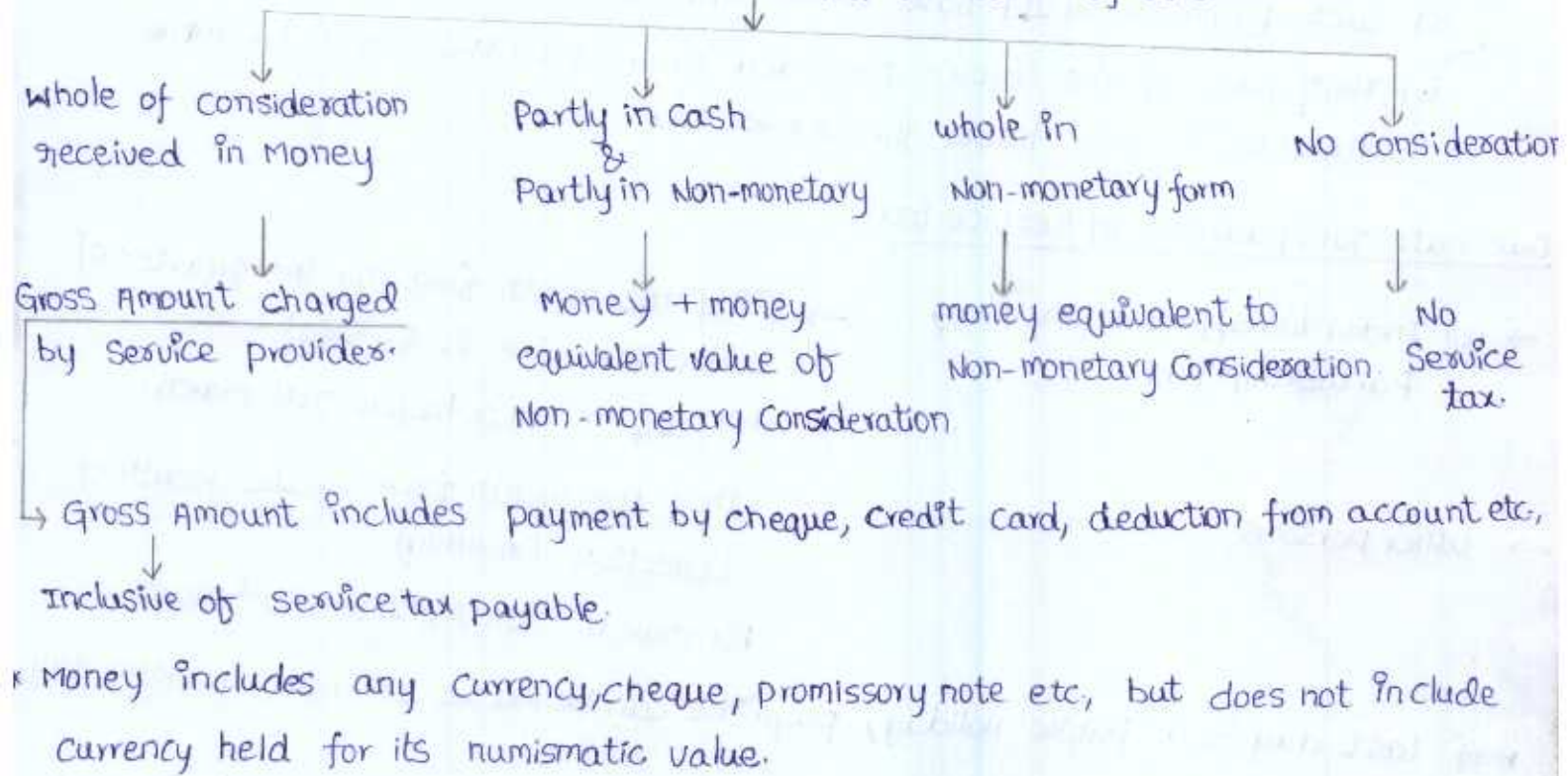
Topic: "Payment of Taxes & filing of returns."

Valuation of Taxable Services (Sec: 67)

After identifying the "Taxable Service", their value will have to be determined - So as to pay Service tax.

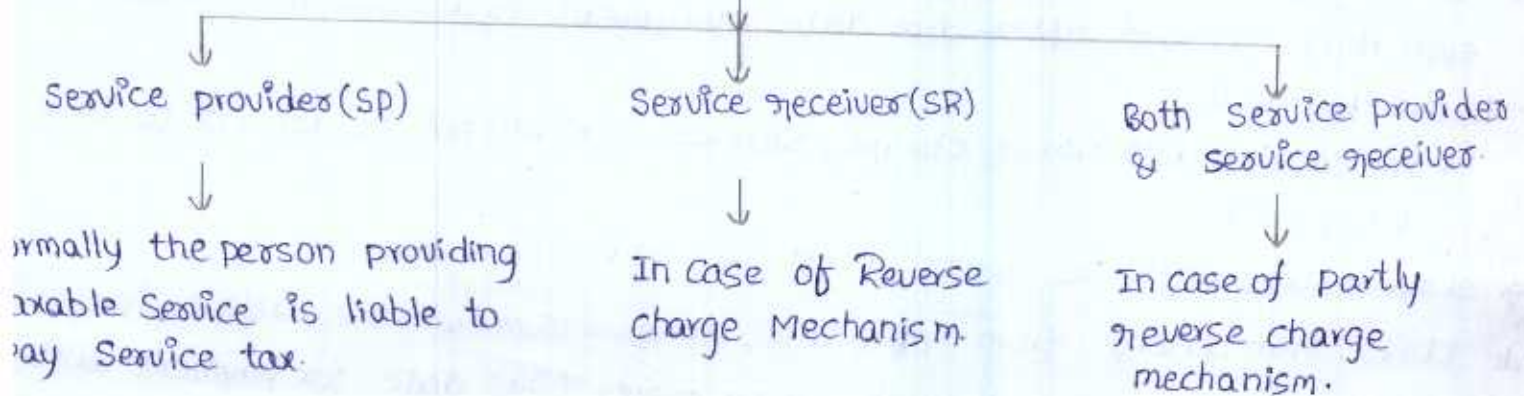
Valuation of Taxable Services

Based on Mode of Consideration



Payment of Service tax (Sec: 68)

Who is liable to pay Service Tax?



- Service Tax should be collected on the amount inclusive of TDS, i.e., before deducting TDS.
- But, TDS should be deducted excluding Service Tax.
- It is the responsibility of the Service provider to pay the Service tax even he is not collected from Service receiver.

Advance payments received for Services:-

- When advance payment is received for a service which is not taxable at the time of receipt of payment, but becomes taxable during the course of provision of service—
 - a) Such payments would have to be Apportioned between two periods.
 - b) That part of the Service provided on or after the Service becomes taxable, is only liable for Service tax.

Due Date for payment of Service tax:-

- For Individuals, Proprietary Firm, Partnership Firm
 - 5th of the month following the quarter of collection. (For Q₁, Q₂ & Q₃)
 - For Q₄ — on or, before 31st March.
- Other persons
 - 5th of the month following the month of collection (monthly).
 - For March — on or, before 31st March.

* If last day is a Public Holiday, payment can be made on next working day.

Form:- GAR-7 challan. (* for multiple Services, separate GAR-7 challans are used).

- If payment is made through cheque, it is deposited on or, before due date. even it is realised after due date, payment is deemed to be made before due date.

* In case of dishonor of cheque, Service tax will not be deemed to have been paid.

- Service tax shall be rounded off to nearest rupee.

* It is mandatory from 01-10-2014, All Assesses who are liable to pay service tax shall pay through e-payment. (Due date for payment will be replaced by 6th). However, relaxation may be allowed by Deputy/Asst Commissioner.

→ failure to payment through on-line may be penalty upto ₹10,000/-

payment of service tax on estimated basis:-

→ If the assessee is unable to correctly estimate, at the time of deposit, Assessee can make a written request to Assistant / Deputy Commissioner of Excise for payment on provisional basis.

→ while filing return he is required to file a statement in Form ST-3A.

Advance Service Tax, (optional)

→ Every person liable to pay service tax can pay an amount in advance to credit of Central Government.

→ Later, he can adjust from service tax liability by intimating to jurisdictional Superintendent within 15 days of payment and indicate details in subsequent return filed u/s 70.

Excess Service tax Collection (Sec: 73A)

→ Assessee who has collected an amount in excess of the amount required to be collected, should deposit such amount with the Government.

Interest on Amount Collected in Excess (Sec: 73B)

→ where excess amount has been collected from service receivers, the person liable shall pay the excess amount together with interest.

* Assessee has paid any amount in excess of the amount required to be paid towards service tax liability can adjust that excess paid only if-

- a) paid excess service tax
- b) Refunded that amount to service receivers
- c) file the relevant details in ST-3.

Reasons for such Excess payments because of

- service not rendered fully/partly.
- Re-negotiation of invoice amount due to deficient provision of service
- Re-negotiation of any terms in contract.

And does not involve interpretation of law, classification, valuation etc,

Delayed payment of Service tax - Interest (Sec: 75)

→ Central Govt. may notify Interest rate from time to time which may not be less than 10% and not exceed 36%.

→ Interest rates from 01-10-2014 are

for upto 6 months	- 18% p.a
> 6 months to 1 year	- 18% for 6 months + 24% for next 6 months
> 1 year	- 18% for 6m + 24% for 2nd 6 months + 30% for > 1yr.

→ for small scale service providers concessional @ 3%.

Non-payment of service tax - penalty (Sec: 76)

* Minimum penalty

100/- for every day of failure
or,
1% of service tax per month

} whichever is higher.

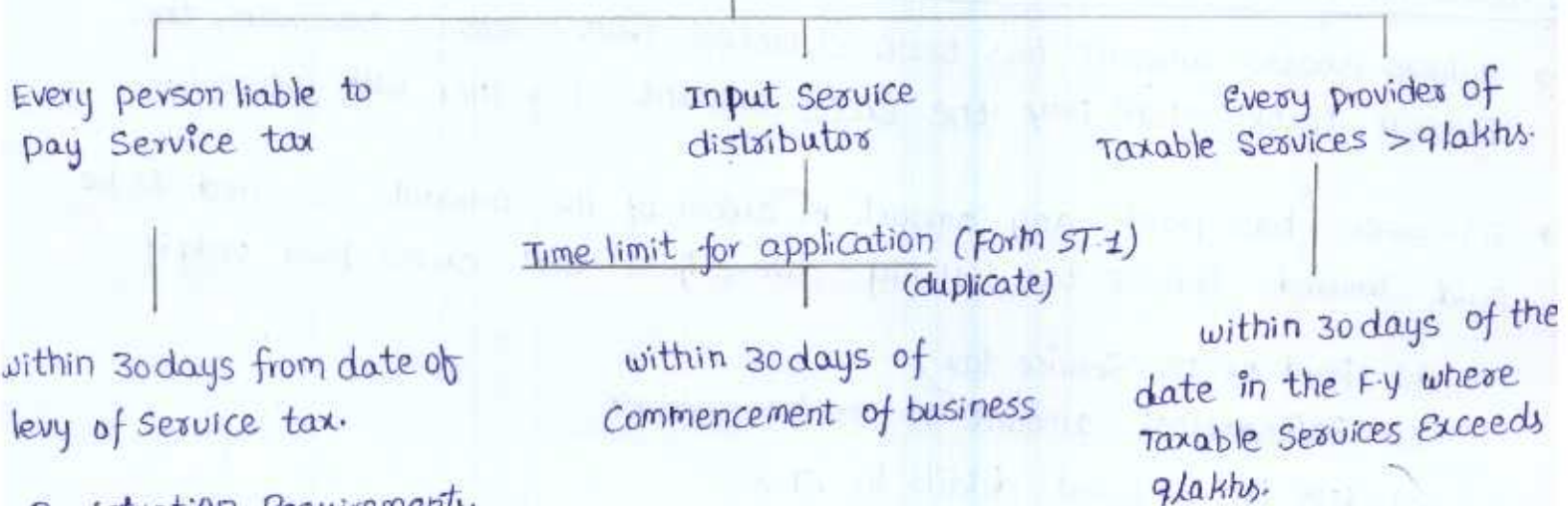
* Maximum penalty

50% of Service tax

→ No penalty if the assessee proves that there was a reasonable cause for such failure.

Registration: (Sec: 69)

Who is required to register?



Registration Requirements:

- Mandatory to apply online. (Application)
- PAN Card
- Constituent of applicant.
- Power of Attorney in respect of Authorised persons.

Time-limit for Granting Registration:

→ The department is required to issue registration certificate within 7 days of receipt of application. In case of failure, deemed to be registered.

* penalty for Non-Registration:

- up to 10,000/-
 - 200/- for every day of failure continues
- } Higher of two amounts

Furnishing of Service Tax returns (Sec: 70)

* E-filing is mandatory.

→ Due dates for filing Service tax

* 25th October for the half year ending 30th September

* 25th April for the half year ending 31st March.

If due date is holiday, then return should be filed on next working day.

→ Revised Returns may be filed within 90 days from date of filing of original return.

→ Late fee for delay in filing returns

upto 15 days - 500/-

16 to 30 days - 1000/-

> 30 days - 1000/- + 100/- for each day of further delay.

} max. of
20,000/-

→ filing single return is sufficient even in case of multiple services.

Documents to be attached:

→ ST-3

→ copies of GAR-7 challans.

→ ST-3A (in case of provisional payment of tax).

→ In case of first return, details of accounts maintained in relation to Service tax to Super intendent of central Excise.