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Service Tax Practitioner
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Internal Circular

Effective Rate of Service Tax Chart (w.e.f 01.06.2015)

1. Service Tax has been increased to 14% (including all "Cesses") from 12.36% earlier from 01.06.2015, hence service tax is to be charged/collected and paid @ single rate. The payment code to be used will be basic code only and codes related to "Education Cess Code – 00440298" & "Higher Education Cess Code – 00440426" is not to be used for all liabilities from June 1st 2015.

Service Tax Rate	Basic Rate	Edu. Cess	H.Edu.Cess	Codes
12.36% Till 31.05.2015	12%	2%	1%	Basic Code (Respective Services) Edu. Cess - 00440298 H. Edu. Cess - 00440426
14% w.e.f. 01.06.2015	14%	---	---	Only Basic Code (Respective Services) (Inclusive of all Cesses)

2. The below mentioned table show the effective service tax rate wherein different types of abatements are available,

No.	Descriptions of Taxable Services	Service Tax rate	Abatement Value %	Taxable Value %	Effective Rate
1	Mandap keeper service	14%	30%	70%	9.80%
2	Tour operator services				
	- solely of arranging/booking accommodation	14%	90%	10%	1.40%
	- package tour	14%	75%	25%	3.50%
	- other than both above	14%	60%	40%	5.60%
3	Rent-a-cab scheme operator services	14%	60%	40%	5.60%
4	Transport of goods by road/goods transport agency service	14%	70%	30%	4.20%
5	Construction services other than residential complex,including commercial/industrial buildings or civil structures	14%	70%	30%	4.20%
6	Construction of residential complex service				
	-carpet area is less than 2000 sq.ft. & Amt charged less than 1 crore	14%	75%	25%	3.50%
	-others	14%	70%	30%	4.20%
7	Transport of passengers embarking on domestic/international journey by air				
	-economy class	14%	60%	40%	5.60%
	other than economy	14%	40%	60%	8.40%
8	Transport of goods by rail including transport of goods in containers by rail (for the present, transport of passengers by rail in air-conditioned class/first class also may be paid under this description/accounting code)	14%	70%	30%	4.20%

9	Works contract service				
	- original works	14%	60%	40%	5.60%
	- maintenance or repair or reconditioning or restoration or servicing	14%	30%	70%	9.80%
10	Services in relation to financial leasing including hire purchase	14%	90%	10%	1.40%
11	Bundled service by way of supply of food or any other article of human consumption or any drink, in a premises (including hotel, convention center, club, pandal, shamiana or any other place, specially arranged for organizing a function) together with renting of such premises	14%	30%	70%	9.80%
12	Renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes.	14%	40%	60%	8.40%
13	Transport of goods in a vessel	14%	70%	30%	4.20%
14	Other than above services (Full Rate on Full Value)	14%	0%	100%	14.00%

3. The below mentioned table show the effective service tax rate in special cases as per Service Tax Rules, 1994,

Sr No	Nature of Services	Old Rate	New Effective Rate
1	Domestic Air Booking	0.6%	0.7%
2	International Air Booking	1.2%	1.4%
3	Life Insurance		
	First Year Premium	3%	3.5%
	Subsequent Premiums	1.5%	1.75%
4	Money Changing Services		
	Amount of currency exchanged upto INR 0.1 million	0.12% (minimum of INR 30)	0.14% (minimum of INR 35)
	Amount of currency exchanged exceeding INR 0.1 million and upto INR1 million	Rs.120 and 0.06%	Rs.140 and 0.07%
	Amount of currency exchanged exceeding INR1 million	Rs.660 and 0.012% (maximum of Rs. 6,000)	Rs.770 and 0.014% (maximum of Rs. 7,000)
5	Lottery		
	Where guaranteed prize payout is more than 80%	Rs.7,000	Rs.8,200
	Where guaranteed prize payout is less than 80%	Rs.11,000	Rs.12,800

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4. As per the "Point of Taxation Rules", "Rule 4" takes care of taxation when there is change in rate of taxation, the table below shows that effect on applicable rate from 01.06.2015, what would be the position before change in rate and after change in rate of service tax from 12.36% to 14%.

Sr.No	Rendering service	Invoice Issued	Payment Received	Rate %
1	Before Rate Changes	Before Rate Changes	After Rate Changes	12.36
2	Before Rate Changes	After Rate Changes	After Rate Changes	14
3	Before Rate Changes	After Rate Changes	Before Rate Changes	12.36
4	After Rate Changes	After Rate Changes	Before Rate Changes	14
5	After Rate Changes	Before Rate Changes	After Rate Changes	14
6	After Rate Changes	Before Rate Changes	Before Rate Changes	12.36

5. "Swachh Bharat Cess", which is being proposed to be levied @2% from the date notified, is not yet notified so the same would not be applicable as of now.

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Reverse Charge Mechanism (R.C.M.)

1. This is glimpse of the Reverse Charge Mechanism (R.C.M.) [as amended from time to time] applicable from 01.04.2015.The following table shows such taxable services in which the extent of service tax payable thereon by the person who provides the service and the person who receives the service.

2. Effective rates of R.C.M. as applicable are stated considering the increased service tax rate from 12.36% to 14% w.e.f. 01/06/2015.

R.C.M. TABLE WITH EFFECTIVE RATE for F.Y. 2015-16

Sl. No.	Description of a service	Percentage of service tax payable by Service Provider	Percentage of service tax payable by Service Receiver	Effective Rate of service tax payable by Service Provider		Effective Rate of service tax payable by Service Receiver	
				01.04.2015 TO 31.05.2015	From 01.06.2015	01.04.2015 TO 31.05.2015	From 01.06.2015
1	in respect of services provided or agreed to be provided by an insurance agent to any person carrying on insurance business	*Nil*	100%	0.00%	12.36%	0.00%	14.00%
1A	in respect of services provided or agreed to be provided by a recovery agent to a banking company or a financial institution or a non-banking financial company	*Nil*	100%	0.00%	12.36%	0.00%	14.00%
1B	in respect of services provided or agreed to be provided by a mutual fund agent or distributor, to a mutual fund or asset management company	Nil	*100%*	0.00%	12.36%	0.00%	14.00%
1C	in respect of service provided or agreed to be provided by a selling or marketing agent of lottery tickets to a lottery distributor or selling agent	Nil	100%	0.00%	12.36%	0.00%	14.00%
2	in respect of services provided or agreed to be provided by a goods transport agency in respect of transportation of goods by road to -Factory under the Factories Act,1948, -Society under the Societies Registration Act,1860, -Co-operative society, -dealer of excisable goods under the Central Excise Act, 1944, -any body corporate, -partnership firm including association of persons.	*Nil*	100%	0.00%	3.708%	0.00%	4.20%

Sl. No.	***Description of a service***	***Percentage of service tax payable by <u>Service Provider</u>***	***Percentage of service tax payable by <u>Service Receiver</u>***	***Effective Rate of service tax payable by <u>Service Provider</u>***		***Effective Rate of service tax payable by <u>Service Receiver</u>***	
				01.04.2015 TO 31.05.2015	**From 01.06.2015**	**01.04.2015 TO 31.05.2015**	**From 01.06.2015**
3	in respect of services provided or agreed to be provided by way of sponsorship to any body corporate or partnership firm located in the taxable territory	*Nil*	100%	0.00%	12.36%	0.00%	14.00%
4	in respect of services provided or agreed to be provided by an arbitral tribunal	*Nil*	100%	0.00%	12.36%	0.00%	14.00%
5	in respect of services provided or agreed to be provided by individual advocate or a firm of advocates **by way of legal services**	*Nil*	100%	0.00%	12.36%	0.00%	14.00%
5A	in respect of services provided or agreed to be provided by a director of a company or a body corporate to the said company or the body corporate	*Nil*	100%	0.00%	12.36%	0.00%	14.00%
*6	in respect of services provided or agreed to be provided by Government or local authority '***by way of support services'*** excluding,- (1) renting of immovable property, and (2) services specified in sub-clauses (i) services by the Department of Posts by way of speed post, express parcel post, life insurance, and agency services provided to a person other than Government (ii) services in relation to an aircraft or a vessel, inside or outside the precincts of a port or an airport (iii) transport of goods or passenger of clause (*a*) of section 66D of the Finance Act,1994	*Nil*	100%	0.00%	12.36%	0.00%	14%
7	(*a*) in respect of services provided or agreed to be provided by way of renting of a motor vehicle ***(by individual,HUF or partnership firm to body corporate)*** designed to carry passengers on abated value to any person who is not engaged in the similar line of business	*Nil*	100%	0.00%	4.944%	0.00%	5.60%
	(*b*) in respect of services provided or agreed to be provided by way of renting of a motor vehicle ***(by individual, HUF or partnership firm to body corporate)*** designed to carry passengers on non abated value to any person who is not engaged in the similar line of business	50%	50%	6.18%	6.18%	7.00%	7.00%
8	in respect of services provided or agreed to be provided by way of supply of manpower for any purpose or security services ***(by individual,HUF or partnership firm to body corporate)***	*Nil*	100%	0.00%	12.36%	0.00%	14.00%

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Sl. No.	*Description of a service*	*Percentage of service tax payable by Service Provider*	*Percentage of service tax payable by Service Receiver*	*Effective Rate of service tax payable by Service Provider*		*Effective Rate of service tax payable by Service Receiver*	
				01.04.2015 TO 31.05.2015	**From 01.06.2015**	**01.04.2015 TO 31.05.2015**	**From 01.06.2015**
9	in respect of services provided or agreed to be provided in service portion in execution of works contract ***(by individual,HUF or partnership firm to body corporate)***	50%	50%				
	- original works			2.472%	2.472%	2.80%	2.80%
	- maintenance or repair or reconditioning or restoration or servicing			4.326%	4.326%	4.90%	4.90%
*10	in respect of any taxable services provided or agreed to be provided by any person who is located in a non-taxable territory and received by any person located in the taxable territory	*Nil*	100%	0.00%	12.36%	0.00%	14%
11	*in respect of any service provided or agreed to be provided by a person involving an aggregator in any manner*	Nil	100%	0.00%	12.36%	0.00%	14.00%

***** in Sl. 6 & 10 indicates that the rates are subject to the type of service provided.

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