

Date wise Applicability of Service Tax Provision of Finance Bill, 2016

Changes Applicable from – 01.03.2016

1. Restoration of exemption on services provided to the Government, a local authority or a governmental authority.
2. Restoration of exemption on services to an airport and port.
3. Withdrawal of exemption on services to monorail or metro, in respect of contracts entered into on or before 01.03.2016
4. Exemption to services by way of construction etc.. in respect of-
 - (a) housing projects under Housing For All (HFA) (Urban) Mission/Pradhan Mantri Awas Yojana (PMAY);
 - (b) low cost houses up to a carpet area of 60 square meters in a housing project under “Affordable housing in Partnership” component of PMAY,
 - (c) low cost houses up to a carpet area of 60 square meters in a housing project under any housing scheme of the State Government,
5. Exemption to specified services provided by the Indian Institutes of Management (IIM).
6. Notification to ensure that Information Technology Software is subjected to either central excise duty or service tax. To deal with assessment of media with recorded Information Technology Software, where RSP is affixed or assessment when RSP is not required.
7. Insertion of *Explanations* in Rule 5 of Point of Taxation Rules, 2011
8. Service provided by Container Train Operators
9. Cenvat credit is being allowed to service providers providing services by way of transportation of goods by a vessel from India to abroad.
10. Notification No. 27/2012 – C.E. (N.T.) is amended to specify relevant date.

Changes Applicable from 01.04.2016

1. Exemption on services by senior advocate to other advocate or to a law firm is being withdrawn. Levy under forward charge.
2. A person represented on an arbitral tribunal to an arbitral tribunal;
3. Date from which the definition of support services shall stand deleted from the Finance Act, 1994.

4. Exemption being withdrawn from the services of transport of passengers, by ropeway, cable car or aerial tramway.
5. New exemptions for services by,-
 - Annuity under the National Pension System
 - Securities and Exchange Board of India (SEBI)
 - Employees' Provident Fund Organisation (EPFO)
 - Biotechnology incubators approved by Biotechnology Industry Research Assistance Council (BIRAC).
 - National Centre for Cold Chain Development
 - Insurance Regulatory and Development Authority (IRDA) of India.
 - „Niramaya“ Health Insurance scheme implemented by National Trust
 - Threshold exemption to services provided by a performing artist in folk or classical art form is being increased from Rs 1lakh charged per event to Rs 1.5 lakh charged per event.
 - Deen Dayal Upadhyay Grameen Kaushalya Yojana training partners
 - Assessing bodies empanelled centrally by Directorate General of Training, Ministry of Skill Development & Entrepreneurship.
6. Rationalization of abatement rates and conditions thereof in respect of services by,-
 - (i) Tour operator services
 - (ii) Transport of passengers by rail.
 - (iii) Transport of goods by rail.
 - (iv) shifting of used household goods by a GTA
 - (v) foreman to a chit fund.
 - (vi) renting of motor-cab services.
 - (vii) transport of goods by vessel.
 - (viii) Construction of complex, building, civil structure, etc..
7. Service tax Rules,-
 - (i) The benefit of
 - (a) quarterly payment of service tax being extended to OPC and HUF and
 - (b) payment on receipt basis being extended to OPC.
 - (ii) Rule 2(1)(d)(i) (D)(II) modified as an individual advocate other than senior advocate.
 - (iii) The word “support” shall stand deleted from rule 2(1)(d)(i) (E)
 - (iv) Rule 2(1)(d)(EEA) making mutual fund agents/distributor as person liable for paying service tax will be deleted
 - (v) The service tax composition scheme for single premium annuity policies.
8. Reverse charge mechanism
 - (i) mutual fund agents/distributors to an asset management company under forward charge.

(ii) service provided by Government or local authorities to business entities shall be on the service recipient.

9. Cenvat Credit Rules, 2004 (Annexure –II)

(i) Invoice issued by Service provider for removal of inputs and capital goods shall be a valid document

(ii) To give option to banking company, a financial institution including non-banking financial company for Cenvat Credit reversal under sub-rule (1), (2) and (3) of the Rule 6 along with rule 6(3B) of the Cenvat Credit Rules, 2004.

(iii) Cenvat credit of service tax paid on upfront charges for assignment of spectrum/ mining rights etc..

(iv) Reversal of Cenvat Credit of inputs/input services which have been commonly used in a taxable output service as well as an activity which is not a service".

(v) Sub-rule (2) of rule 14 being omitted.

Changes Applicable from enactment of the Finance Bill, 2016

- (1) Explanation 2 in section 65B(44) is to be modified.
- (2) Clause (l) of section 66D would be omitted and clause (11) of section 65B is to be omitted. [educational services]
- (3) Insertion of right to use the radio-frequency spectrum and subsequent transfers in section 66E as a Declared Service.
- (4) Section 67A is being amended to obtain rule making powers
- (5) Section 73 proposed to be amended increase time limit from 18 months to thirty months.
- (6) Insertion of proviso to section 75.
- (7) Insertion of Explanation in section 78A
- (8) Amendments in sections 89, 90 and 91.
- (9) In section 93A of the 1994 Act, the words "*prescribed or by notification in the Official Gazette*" shall be substituted.
- (10) Retrospective effect to notification No. 41/2012- ST, dated the 29th June, 2012 as amended by notification No. 01/2016- ST.
- (11) Retrospective exemption is to be extended to the construction, repair, maintenance etc. of canal, dam or other irrigation works provided to entities set up by Govt. provided during the period from the 1st July, 2012 to 29.01.2014.
- (12) Approved vocational education course" is to be incorporated in the general exemption notification and exemption to specified educational services (Notification No. 25/2012-ST).
- (13) Exemption from Service Tax on services provided to the Government, a local authority or a governmental authority.

- (14) Exemption from Service Tax on services by way of construction, erection, etc.. of original works pertaining to an airport, port.
- (15) Rationalization of rate of interest in case where is service tax is collected and not credited in Govt. account and others
- (16) Dispute resolution scheme, 2016
- (17) Returns

Applicable from 01.06.2016

- (1) Krishi Kalyan Cess
- (2) Negative List entry that covers “service of transportation of passengers, with or without accompanied belongings, by a stage carriage” is to be omitted [section 66D (o)(i)]
- (3) Negative List that covers services by way of transportation of goods by an aircraft or a vessel from a place outside India up to the customs station of clearance is to be omitted [section 66D (p)(ii)]
- (4) Exemption to transportation of passengers by a stage carriage other than air conditioned stage carriage is to be exempted
- (5) Services by an aircraft will continue to be outside service tax net by way of exemption through notification.

About the Author:

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