<u>Analysis of Notification 04/2017 dtd. 12.01.2017 - Tour Operator Service</u>

This notification shall come into force on the **22nd January, 2017.**

Timeline	Particulars of Service	Relevant Notification	Category of Service	Conditions for availing Abatement		Items charged in Invoice	Taxability Portion	Effective Rate of Tax (15% * Taxability Portion)	CENVAT CREDIT (C/CR) Availability		
				General Conditions	**Special Conditions**				**Input**	**Capital Goods**	**Input Service**
On or Before 21st January 2017 (*Pre-amendment*)	Tour Operator Service	No. 26/2012 dtd. 20.06.2012 (Sl. No.11) + as amended by Notifn No.08/2016 dtd.01.03.2016	Arrangment/ Booking of Accomodation	**No C/CR claimed** on Inputs, Capital Goods & Input services *(other than from input service from another tour opertor)*even if used for providing the taxable service.	1. The invoice Indicates that it is towards **charges for such accomodation** 2. **No abatement** shall be available if the invoice includes **only the booking service charges** and not contain the cost of accomodation.	**Cost of Accomodation** + Service/Booking Charges	10% of value	1.50%	✘	✘	✔
			Other Category of Tour Operators (incl. Package Tour)		1. The bill issued indicates that the amount charged in the bill is the **gross amount charged** for such a tour. 2. The bill issued indicates that it is inclusive of charges for such a tour.	Cost of Accomodation + Miscellaneous Charges + Service/ Booking Charges	30% of value	4.50%	✘	✘	✔
On or After 22nd January 2017 (*Post-Amendment*)	Tour Operator Service	**No. 04/2017 dtd. 12.01.2017**	Services by a Tour Operator *(Only **1 category** of Tour Operator service hereon)*	No C/CR claimed on Inputs & Capital Goods. *(Means C/CR on Input services only can be availed)*	*Refer **NOTE 1** below.*	***Cost of Accomodation*** + ***Transportation Charges*** + *Service/Booking Charges*	**60% of value**	**9.00%**	✘	✘	✔

C/CR is available only on input services ***only when*** *it pertained to usage of services of* ***another Tour operator.***

C/CR is now available on ***ALL*** *input services used for providing taxable service. (The C/CR is now made available against all input services* ***to compensate*** *the post-amendment scenario where the abatement benefit has been cut down to 40% from the 90%/70% earlier)*

Note : 1	*The bill issued for this purpose indicates that it is* ***inclusive of*** *charges of:* ** accommodation and* ** transportation required for such a tour* *---- and the* ***amount charged*** *in the bill is the* ***gross amount charged*** *for such a tour including the charges of accommodation and transportation required for such a tour.*

Prepared by **Sanjay S**

Disclaimer: This is an informative article and should not be regarded as a legal opinion.