

Introduction

Question 1

Briefly describe the role of a chartered accountant in the field of service tax consultancy.

Answer

The scope and ambit of Service Tax has increased immensely over the years. When on 01.07.1994 the Central Government decided to levy service tax, only three services were brought within the purview. And after the enactment of Finance Act, 2011, 119 services are subject to levy of Service Tax. This branch of Indirect Taxation offers enormous professional opportunities for professionals like Chartered Accountants. In fact, a chartered accountant with strong grounding and base in accounting coupled with his professional and commercial training is best suited for service tax consultancy. He can render following broad nature of services in the field of service tax:

- v **Advisory Services:** With the selective coverage of service tax on certain specified service, a great deal of professional acumen is required to interpret and understand the various applicable laws and rules in the field service tax. A chartered accountant definitely possesses the aforementioned professional acumen. Accordingly, he can render his valuable professional advice to the clients in the arena of service tax.
- v **Procedural Compliance:** The service tax law envisages registration [including on-line registration wherever required] payment of tax [including compulsory on-line payment], filing half-yearly returns [including e-filing of returns wherever prescribed] and assessments involving interface with the Excise Department Officials and Officers. If an assessee fails to comply with routine procedures, he will be subject to payment of interest and penalty. Thus, a chartered accountant with his vast experience and professional expertise can easily help his clients in ensuring smooth compliance of above-mentioned procedural requirements.
- v **Personal Representation:** A chartered accountant is allowed to appear before the concerned assessing authority, Commissioner [Appeals] [first appeal] and Customs, Excise & Service Tax Appellate Tribunal [second appeal]. Here, a chartered accountant with his vast exposure to commercial world can effectively represent his clients and safeguard their interests before the concerned authorities. Further, when the matter goes upto the High Court or Supreme Court, a chartered accountant can professionally assist the advocates.
- v **Certification and audit:** The Department recognizes and accepts the certificates given by a chartered accountant. For instance, before granting refund to the assessee, the department usually asks the assessee to submit a certificate from a chartered

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accountant that if the refund is granted, the assessee would not be unjustly enriched at the expense of another person. In addition, as and when the department asks an assessee to submit his financial statements for any financial year, the department insists that those financial statements should be duly audited by a chartered accountant. Thus, service tax offers tremendous scope to the chartered accountants in respect of certificate and audit function.

Question 2

Name any five rules which are applicable to Service Tax.

Answer

The names of various rules applicable to service tax are as under:

- (i) Service Tax Rules, 1994
- (ii) Service Tax (Advance Ruling) Rules, 2003
- (iii) CENVAT Credit Rules, 2004
- (iv) Export of Service Rules, 2005
- (v) Service Tax (Registration of Special Category of Persons) Rules, 2005
- (vi) Taxation of Services (Provided from Outside India and Received in India) Rules, 2006
- (vii) Service Tax (Determination of Value) Rules, 2006
- (viii) Works Contract (Composition Scheme for Payment of Service Tax) Rules, 2007
- (ix) Service Tax (Publication of Names) Rules, 2008
- (x) Service Tax (Provisional Attachment of Property) Rules, 2008
- (xi) Point of Taxation Rules, 2011

[Note: Students may name any five of above eleven rules]

Selected Self-Examination Questions

1. Which were the first three services brought within the ambit of service tax net?

[Hint/Answer: (i) General Insurance Business Services

(ii) Stock Broker's Services

(iii) Telephone Services]

2. Describe the *various sources that provide statutory provisions relating to service tax.*

[Hint: Finance Act 1994, Rules, Notifications, Circulars or Office Letters (Instructions), Orders, Trade Notices]

3. Which committee recommended the introduction of service tax?
4. Who has the power to levy service tax – Union or States? Discuss.
5. From which Entry of the Union List of the Constitution, does the authority to levy service tax arise?
6. Under which Act, does the service tax is levied?
7. Write a note on administration of service tax.
8. What do you mean by selective and comprehensive coverage of services for the purpose of service tax? Which system is being adopted in India?
9. Discuss the functions and powers of Director General (Service Tax).