BASIC CONCEPT OF SERVICE TAX		• The tax reforms committee headed by Dr. Raja J Chelliah recognized the revenue potential of the service sector in India and recommended imposition of "service tax" on selected service. • Based on this Dr. Manmohan Singh The Union Finance Minister in his budget speech for the year 1994-95 introduced the new concept of service tax and stated as under: "There is no sound reason for exempting services from taxation, where goods are taxed and many countries treat good and services alike for tax purpose. I, therefore, propose to make a modest effort in this direction by imposing a tax on services of telephone, non-life insurance, and stock brokers".
CONSTITUTIONAL BACKGROUND		• According to Article 265 of Constitution of India, no tax of any Nature can be levied or collected by Central or State Government except by the Authority of Law. • Article 246 gives power to enact law and levy taxes and duties which can be enacted by the Parliament or the State Legislature. • As per Seventh Schedule of Constitution of India, such power is given under three lists: o **List I – Union List** – the parliament has exclusive right to make law in respect of this entry. o **List II – State List** – the legislature any State has exclusive power to make law for such state or any part thereof with respect of this entry. o **List III – Concurrent List**–the Parliament or the Legislature of a State has power to make laws with respect to any matter enumerated in List – III • Entry Number 97 of the Union List is residuary entry and empowers the Central Government to levy tax on any matter not enumerated in List II (State List) or List III (Concurrent List). In 1194 the Service Tax was levied by the Central Government. • The Government has also passed the Constitution (88^{th} Amendment Act), 2003 which provides for a formal levy of service tax by the Center through the inception of Article 268A to the Constitution. • In addition to Article 268A, Entry 92C has been inserted to the List I in the 7^{th} Schedule this enable that separate services tax legislation can be enacted but till date it is unused.
	COVERAGE OF SERVICE TAX	
COMPREHENSIVE COVERAGE APPROACH		• The comprehensive approach contemplates taxation of all services and negative list given in case services are to be exempted. • Such comprehensive approach is operational in many developed nations. • But it requires a clear unambiguous definition of "Service". • From 01/07/2012 India adopted this method.
SELECTIVE COVERAGE APPROACH		• In the Selective approach, only selective services are subject to tax and the rest of the services are exempt. • Before 01/07/2012 India use to follow this method.
LAW RELATING TO SERVICE TAX		• Chapter V & VA of Finance Act, 1994 amended upto date. • Various Rules on Service Tax. • Notification issued by Central Government from Time to Time. • Circulars & Clarifications issued by CBEC. • Trade Notification by respective Jurisdictional Commissionerate. • Definition given under other Statutes. • Judicial Decisions.

APPLICABILITYOF SERVICE TAX LAW				
• Service Tax law extends to whole of India except the State of Jammu and Kashmir.				
Sr. No.	**Location of Providing Service**	**Location of receipt of Service**	**Place of Consumption of Service**	**Whether Taxable**
1	State of J & K	Any Place in India other than J & K.	Outside J & K	Yes
2	Any Place in India other than J & K	States of J & K	State of J&K	No
3	Any Place in India other than J & K	Any Place in India other than J & K.	Any place in India other than J & K.	Yes
4	State of J & K	States of J & K	State of J&K	No.

Role of Chartered Accountant	• Consultancy Services • Services for Complying with procedural requirement such as registration, payment of taxation, Maintenance of Books & Records, Availment and utilization of CENVAT CREDIT, Submission of returns, assessments if necessary. • Representation service i.e. Assessment Authority, Adjudication Authority and Appellate Authority. • Scope for Certification and audit under service tax in near future.
Section 65B (44): Definition of Service	**"service"** means any activity carried out by a person for another for consideration, and includes a declared service, but shall not include— (a) an activity which constitutes merely,— (i) a transfer of title in goods or immovable property, by way of sale, gift or in any other manner; or (ii) such transfer, delivery or supply of any goods which is **deemed to be a sale** within the meaning of clauses (29A) of article 366 of constitution; or (ii) a transaction in money or actionable claim; (b) a provision of service by an employee to the employer in the course of or in relation to his employment; (c) fees taken in any Court or tribunal established under any law for the time being in force. **Explanation 1**.— For the removal of doubts, it is hereby declared that nothing contained in this clause shall apply to,— (A) the functions performed by the Members of Parliament, Members of State Legislative, Members of Panchayats, Members of Municipalities and Members of other local authorities who receive any consideration in performing the functions of that office as such member; or (B) the duties performed by any person who holds any post in pursuance of the provisions of the Constitution in that capacity; or (C) the duties performed by any person as a Chairperson or a Member or a Director in a body established by the Central Government or State Governments or local authority and who is not deemed as an employee before the commencement of this section. **Explanation 2.**— For the purposes of this Chapter,— (a) an unincorporated association or a body of persons, as the case may be, and a

	member thereof shall be treated as distinct persons; (b) an establishment of a person in the taxable territory and any of his other establishment in a non-taxable territory shall be treated as establishments of distinct persons. **Explanation 3.**— A person carrying on a business through a branch or agency or representational office in any territory shall be treated as having an establishment in that territory;
Section 66B :Chargeability of Service	There shall be levied a tax (hereinafter referred to as the service tax) at the rate of 12% on the value of all services, **other than those services specified in the negative list**, provided or agreed to be provided in the taxable territory by one person to another and collected in such manner as may be prescribed. **Section 65B(52) Taxable Territory means:** The territory to which the provisions of this chapter applies i.e. to entire India except Jammu and Kashmir.
Education Cess (EC):	Education Cess @ 2% is to be collected on the services tax on all taxable service.
Secondary & Higher Education Cess (SHEC):	Education Cess @ 1% is to be collected on the services tax on all taxable service. **Therefore the total Tax rate becomes = 12% + 2%(12)+1%(12) = 12.36%**

Illustration 1

Will the following activities be treated as service for the purpose of service tax liability:

1. Sales of a immovable property.
2. Sale of goods in the course of inter - state trade and commerce.
3. Exchange of currency by the authorized money changer.
4. Service provided by the director employee.
5. Director meeting fee paid to non-executive director.
6. Salary paid to Cabinet Minister of Central Government.
7. Fees paid to Appellate Tribunal.
8. Salary paid to judge of High Court.
9. Fees paid to technical consultant.
10. Interest paid on money borrowed.
11. Salary paid to Member of Parliament.
12. Salary paid to Governor of Bhihar.
13. Remuneration paid to Chairman of an enquiry committee established by the Government.

<table>
<tr><th colspan="3"><u>Cases where Service Tax is not Charged at 12%</u></th></tr>
<tr><td colspan="2">Service tax in case were abatement is allowed</td><td>First allow the abatement the charge service tax @ 12 % on the remaining value.</td></tr>
<tr><td>Sr.No.</td><td>Name of the relevant Taxable Services</td><td>Alternate Rate</td></tr>
<tr><td>1</td><td>Work Contract Services</td><td>4% on Gross amount Charged</td></tr>
<tr><td>2</td><td>Air Travel Agent's Service</td><td>0.6% of the Basic Fair in case of Domestic Booking.
1.2% of the Basic Fair in case of International Booking.</td></tr>
<tr><td>3</td><td>Life Insurance Business Service</td><td>3% in case of 1st Premium &1.5% in case of subsequent Premium of the gross premium if the break -up of the gross premium into Risk Portion & Investment Portion is not given to the policy holder at the time of providing of service.</td></tr>
<tr><td>4</td><td colspan="2">Purchase & Sale of Foreign Currency including money changing (Amendment)</td></tr>
<tr><td></td><td>i. Upto₹ 1,00,000/-</td><td>0.12% of the gross amount of currency exchanged or
₹ 30/- w.e. is higher.</td></tr>
<tr><td></td><td>ii. Exceeding ₹ 1,00,000/- and Upto₹ 10,00,000/-</td><td>₹ 120/- + 0.06% of the gross amount of currency exchanged.</td></tr>
<tr><td></td><td>iii. Exceeding ₹ 10,00,000/-</td><td>₹ 660/- + 0.012% of the gross amount of currency exchanged or
₹ 6000/- w.e. is lower.</td></tr>
<tr><td>5</td><td colspan="2">Transport of Passengers by Air Services.</td></tr>
<tr><td></td><td>In respect of Domestic Journey of Economy Class:
Lower of the 2
A. 12% of Gross Value of Ticket
B. ₹150/-</td><td>In respect of International Journey of Economy Class:
Lower of the 2
A. 12% of Gross Value of Ticket
B. ₹750/-</td></tr>
<tr><td>6</td><td colspan="2">Optional Composition Scheme for Distributor or Selling Agents of Lotteries (Amendment):
Amount of service tax payable on every ₹10 lakh (or part of ₹10 lakh) of aggregate face value of lottery tickets printed by the organizing State for a draw.</td></tr>
<tr><td></td><td>Guaranteed lottery prize payout More than 80%</td><td>₹7000/-</td></tr>
<tr><td></td><td>Guaranteed lottery prize payout Less than 80%</td><td>₹11000/-</td></tr>
</table>

Illustration 2

Compute the amount of service tax payable by the authorized money changer in the following cases:

1. Exchange US $ 1000/- and paid ₹ 53,600/-.
2. Exchange US $ 3000/- and paid ₹ 1,60,500/-.
3. Exchange Euro € 22000/- and paid ₹ 10,53,000/-.

Illustration 3

An organizer of lottery got lottery ticket printed for ₹ 10,95,60,000/- . Compute the service tax payable by the organizer under the composition scheme in the following cases:

(a) Guaranteed prize pay - out is 85%.

(b) Guaranteed prize pay - out is 75%.

Exemption of taxable service of aggregate value not exceeding ₹ 10,00,000/- Notification No. 33/2012 dated 20.06.2012.	Central Government has exempted taxable service of aggregate value does not exceed ₹ 10,00,000/- in any financial year from whole of the service tax liable thereon in certain condition mentioned in the sachem are satisfied.
	Important feature of the Scheme for **SMALL SERVICE PROVIDER**:
	• The scheme applies to service provider whose aggregate value of taxable service rendered from one or more premises does not exceed ₹ 10,00,000/- in the **preceding financial year**.
	• This is **Optional Scheme**.
	• **No CENVAT Credit** on Input, Capital Goods & Input Service.
	• **Balance in CENVAT credit lapses** & shall not be revived when the service again become taxable.
	• **CENVAT credit already availed on input lying in stock** has to be reversed and to the extent that it is unutilized, has to be paid back before the claim of exemption.
	• **If such exemption is claimed then towards 1st ₹ 10,00,000/-** this exemption can be claimed but it should exclude all the exempted service.
	• The above exemption is not available in the following case:
	  o Where **reverse charge mechanism** is applicable.
	  o Where the service is provide under **Brand or Trade Name of Another Person**.
	• In case of Goods Transport Agency's (GTA):
	  o In case the payer is liable to pay tax **exemption is not available** irrespective of amount involved.
	  o In case where the transport agency is liable for service tax, **exemption of ₹ 10,00,000/- is applicable**. For calculation of this amount, the value of service where the liability has been shifted on the freight payer shall be excluded.
	• In the first year of business or in a year in which the service has been made taxable, the exemption of ₹ 10,00,000/- (excluding the value of exempted service) will be available in the first year upto ₹ 10,00,000/-, as the case may be.
	• But if the **service provider is new service provider or the service has become 1st time taxable** he shall register with commissionerate of Central excise if the value of taxable service **exceeds ₹ 9,00,000/-**

Example:

If Mr. Sachin has started providing taxable service only from the **current financial year**, the the service tax shall be charged on aggregate amount of invoice issued upto ₹ 10,00,000/- although he shall have to apply for registration when the aggregate value of invoice exceeds ₹ 9,00,000/-. Thus, even if the aggregate value of Invoice issued is ₹ 9,99,999/-, there is no requirement of payment of service tax but registration is required. The moment the aggregate amount of invoice issued exceeds ₹ 10,00,000/- , he shall have to pay service tax on the amount exceeding ₹ 10,00,000/- .

Example:

If Mr. Saurabh has been providing taxable service in the **preceding financial year**, he shall get exemption of maximum ₹ 10,00,000/- in the current year only when his aggregate gross value of invoice issued of taxable service **rendered** in the preceding financial year does not exceed ₹ 10,00,000/- . if the gross value of invoice issued of taxable service rendered in the preceding year exceed ₹ 10,00,000/- , he shall have to pay service tax on the value of any taxable service provided during the current financial year.

Illustration 4

M/s. Relechem a partnership firm has been providing taxable service for the invoices for the past two years as under:

	Value of taxable service provided	Value of exempted service provided
Financial year 2010-11	₹ 19,60,000/-	₹ 4,40,000/-
Financial year 2011-12	₹ 9,20,000/-	₹ 5,50,000/-

During the financial year 2012-13, it issued invoice for ₹ 12,30,000/- for taxable service and ₹ 1,20,000/- for exempted service. What shall be its service tax liability?

Some Important Points	• If assessee is not able to determine actual tax liability & amount of service provided he can file his return in Form ST - 3A (provisional return) before the due date & can submit actual return on final determination of actual tax liability along with ST - 3A . • Return can be filed with the help of Service Tax Return Prepare (STRP) • Every assessee has to file return electronically. • Assessee can revise his return within **90 days** from the date of submission of original return (it is 90 days even in case were the return has been filed after the due date also this 90 days is to be calculated from the date of filling of return not the due date of filling of return).

Service Provided to domestic missions, consular post in India for their official use or personal use of diplomatic agents or career consular officer and their family members (Notification No 27/2012 – ST date 20.06.2012)	This notification exempts all taxable service provided for:- • **OFFICIAL USE** of foreign diplomatic mission or consular post in India or • For **PERSONAL USE** or for the use of **family member** of **diplomatic agents or career consular officer** posted there in. Which is issued with an entitlement certificate (with or without any conditions), by the Protocol Division of Ministry of External Affairs (MEA).
Exemption for Service Provided to Units in SEZ (Notification No 40/2012 – ST date 20.06.2012)	The exemption notification applies to all taxable service receive by – • A unit located in Special Economic Zone. • Developer of Special Economic Zone. Provided they are **WHOLLY CONSUMED** within SEZ. If the service is partly **provided in SEZ** then proportionate exemption shall be available and he shall be required to claim **proportionate refund of the same**. Service tax is applicable on taxable service provided by SEZ units to units located in domestic tariff area (outside SEZ). **Refund =** **Service tax on service other than wholly consumed Service (both for SEZ & DTA)** **X Export turnover of goods + Value of Service of SEZ Unit/Developer** **Total turnover for the period**

Illustration 5

M/s. Mid Con Ltd. a SEZ unit is exporting goods as well as services to many countries outside India. It has also sold goods and provided services within India (DTA). From the following particulars, calculate refund of service tax due to SEZ unit.

Total turnover of SEZ unit (both for goods and services)	2,00,00,000/-
Export turnover of goods	80,00,000/-
Export turnover of Services	70,00,000/-
Sale of goods and provision of services in India	50,00,000/-
Total service tax paid on Input Service	12,36,000/-

(including 2,00,000/- service tax paid on service which are wholly consumed in SEZ Unit)

Exemption of Service Provided by TBI or STEP (Notification No 32/2012 – ST date 20.06.2012)	This notification provides exemption to all taxable service provided by an entrepreneur located in the premises of Technology Business Incubators (TBI) and Science and Technology Entrepreneurship Park (STEP) subject to satisfaction of certain conditions.
Mega Exemption Notification (Notification No 25/2012 – ST date 20.06.2012)	There are 39 service covered under this notification. **For list of service covered under this notification refer at the end.**
Export of Service	Section 66B: The tax liability arises only when the service is provided in **Taxable Territory**. Section 66C: Empowers Central Government to make rules, to determine the place where such service are provided or deemed to have been provided. For this purpose C.G. Notified **Place of Provision of Service Rules, 2012**: As per **rule 3** the place of provision of service shall be the **location of the recipient of service**. Hence in case of export of service, **no service tax** shall be payable as the recipient in most of the situation is **located outside India**. **<u>Export of Service Rule 6A:</u>** • The provider of service is located in the **taxable territory**, • The recipient of service is **located outside India**. • The service is not a service **specified in a negative list** of Act. • The **place of provision** of service is **outside India**. • The payment for such service has been received by the provider of service in **convertible foreign exchange**. • The provision of service and recipient of service are not merely establishments of a distinct person in accordance with item (b) of Explanation 3 of clause (44) of section 65B of Act.
Section 66C:Determination of Place of Provision of Service	(1) The Central Government may, having regard to the nature and description of various services, by rules made in this regard, determine the place where such services are provided or deemed to have been provided or agreed to be provided or deemed to have been agreed to be provided. (2) Any rule made under sub-section (1) shall not be invalid merely on the ground that either the service provider or the service receiver or both are located at a place being outside the taxable territory.
Section 66D:Negative list of Services	(a) services by Government or a local authority excluding the following services to the extent they are not covered elsewhere— (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 passengers; or (iv) support services, other than services covered under clauses (i) to (iii) above, provided to business entities; (b) services by the Reserve Bank of India; (c) services by a foreign diplomatic mission located in India; (d) services relating to agriculture by way of— (i) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant

	protection or seed testing; (ii) supply of farm labour; (iii) processes carried out at an agricultural farm including tending, pruning, cutting, harvesting, drying, cleaning, trimming, sun drying, fumigating, curing, sorting, grading, cooling or bulk packaging and such like operations which do not alter the essential characteristics of agricultural produce but make it only marketable for the primary market; (iv) renting or leasing of agro machinery or vacant land with or without a structure incidental to its use; (v) loading, unloading, packing, storage or warehousing of agricultural produce; (vi) agricultural extension services; (vii) services by any Agricultural Produce Marketing Committee or Board or services provided by a commission agent for sale or purchase of agricultural produce; (e) trading of goods; (f) any process amounting to manufacture or production of goods; (g) selling of space or time slots for advertisements other than advertisements broadcast by radio or television; (h) service by way of access to a road or a bridge on payment of toll charges; (i) betting, gambling or lottery; (j) admission to entertainment events or access to amusement facilities; (k) transmission or distribution of electricity by an electricity transmission or distribution utility; (l) services by way of— (i) pre-school education and education up to higher secondary school or equivalent; (ii) education as a part of a curriculum for obtaining a qualification recognised by any law for the time being in force; (iii) education as a part of an approved vocational education course; (m) services by way of renting of residential dwelling for use as residence; (n) services by way of— (i) extending deposits, loans or advances in so far as the consideration is represented by way of interest or discount; (ii) inter se sale or purchase of foreign currency amongst banks or authorised dealers of foreign exchange or amongst banks and such dealers; (o) service of transportation of passengers, with or without accompanied belongings, by— (i) a stage carriage; (ii) railways in a class other than— (A) first class; or (B) an air conditioned coach; (iii) metro, monorail or tramway; (iv) inland waterways; (v) public transport, other than predominantly for tourism purpose, in a vessel of less than fifteen ton net; and (vi) metered cabs, radio taxis or auto rickshaws; (p) services by way of transportation of goods— (i) by road except the services of— (A) a goods transportation agency; or (B) a courier agency;

	(ii) by an aircraft or a vessel from a place outside India to the first customs station of landing in India; or (iii) by inland waterways; (q) funeral, burial, crematorium or mortuary services including transportation of the deceased.
Section 66E:Declared Service	The following shall constitute declared services, namely:— (a) renting of immovable property; (b) construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration is received after issuance of completion-certificate by the competent authority. Explanation.— For the purposes of this clause,— (I) the expression "competent authority" means the Government or any authority authorized to issue completion certificate under any law for the time being in force and in case of non requirement of such certificate from such authority, from any of the following, namely:— (A) architect registered with the Council of Architecture constituted under the Architects Act, 1972; or (B) chartered engineer registered with the Institution of Engineers (India); or (C) licensed surveyor of the respective local body of the city or town or village or development or planning authority; (II) the expression "construction" includes additions, alterations, replacements or remodeling of any existing civil structure; (c) temporary transfer or permitting the use or enjoyment of any intellectual property right; (d) development, design, programming, customization, adaptation, up gradation, enhancement, implementation of information technology software; (e) agreeing to the obligation to refrain from an act, or to tolerate an act or a situation, or to do an act; (f) transfer of goods by way of hiring, leasing, licensing or in any such manner without transfer of right to use such goods; (g) activities in relation to delivery of goods on hire purchase or any system of payment by installments; (h) service portion in the execution of a works contract; (i) service portion in an activity wherein goods, being food or any other article of human consumption or any drink (whether or not intoxicating) is supplied in any manner as a part of the activity. **<u>Construction of Complex Service:</u>** Service to include: • construction of complex, building • civil structure or a part thereof including a complex or building intended for sale to a buyer, **wholly or partly** **except** the cases where the entire consideration is received after issuance of completion – certificate by the competent authority. Explanation for the purpose of this clause:- i. the expression "Competent authority" means the Government or any authority authorized to issue completion certificate under any law for the time being in force and in case of non -

	requirement of such authority from any of the following, namely:- a. architect registered with the Council of Architecture constituted under Architects Acts, 1972 or b. chartered engineer registered under with the Institute of Engineers (India) or c. licensed surveyor of the respective local body of the city or town or village or development or planning authority ii. the expression "construction" includes addition, alteration, replacement or remodelling of any existing civil structure.

TAXABILITY OF SERVICE TAX:

Service = Activity + Consideration + Person + Declared Service – Negative List

=

Taxable Service

+

Place of Provision of in Taxable Territory

=

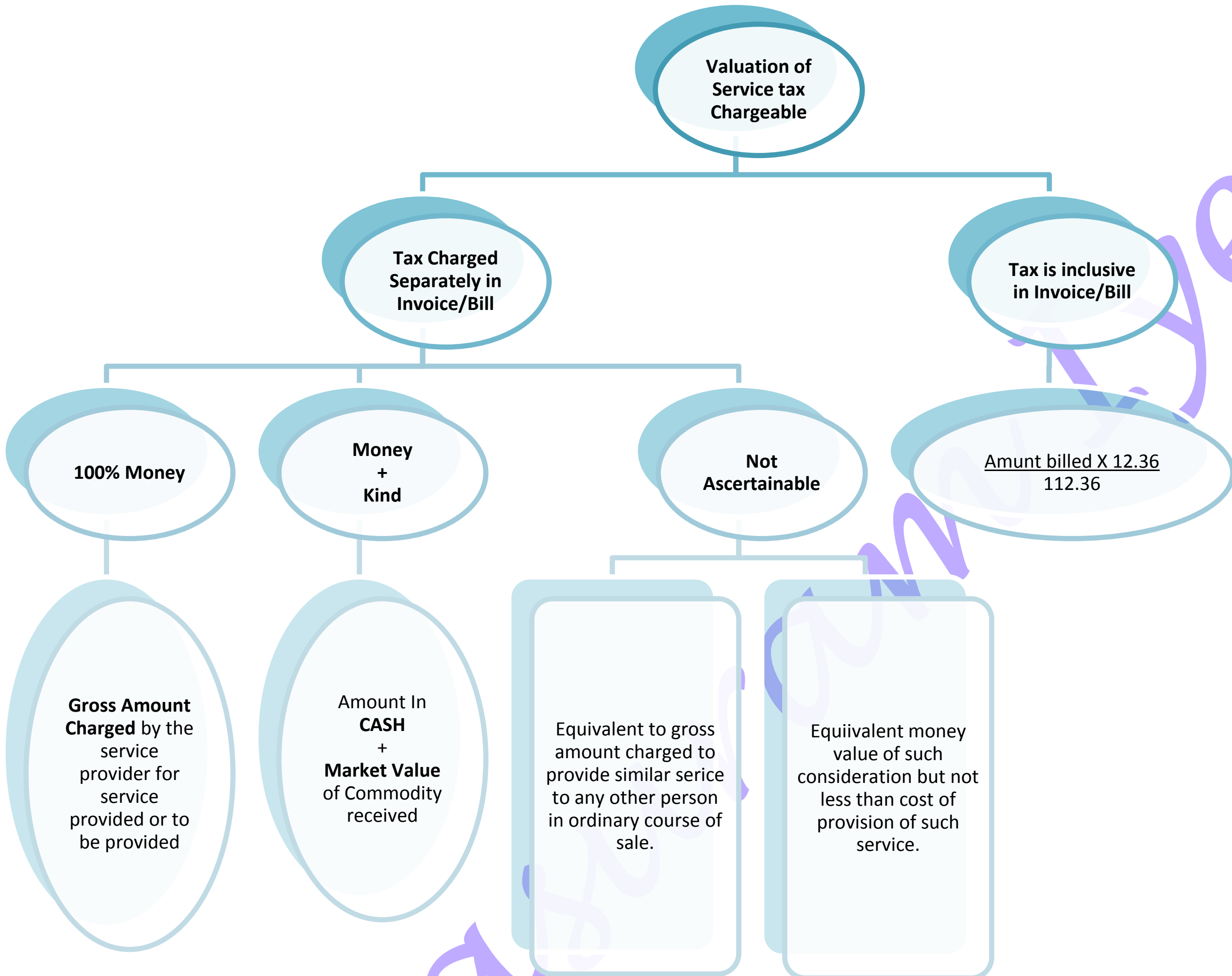
Taxability

Illustration 6

Will the following Services be treated as taxable service:

1. Service provided by a municipality.
2. Service provided by department of post office by speed post.
3. Service provided by the Central Government in relation to an aircraft.
4. Service provided by any person of RBI.
5. Service in relation to rearing of buffaloes.
6. Service in relation of rearing of a horse.
7. Service provided by a consigning agent in relation to sale of goods on behalf of consignor.
8. Manufacturing of goods by a small scale manufacture who is claiming exemption of ₹ 1.5. crores.
9. Sale of space by advertisement in mobile phone.
10. Sale of space for advertisement to be broadcast on Sony TV.
11. Toll charges for access to a road.
12. Service provided by any person to National Highway Authority for collecting for access to a road which is a national highway.
13. Service provided by a person for organizing a betting event.
14. Entry fee paid for watching a play/ drama in Pallavi Auditorium.
15. Fees for pre-school Education.
16. Fee charged by ICAI for CA Course.
17. Service in relation to accommodation in a hotel.
18. Service by way of renting of dwelling unit for use as residence.
19. Transportation of passenger by railway in an air – condition coach.
20. Transportation in a metered taxi.

Section 67: Valuation of Taxable Service.	As per section 67 the valuation is possible in the following 2 situation



	SITUATION	VALUATION
Section 67(1): Service tax is separately charged in the bill.	Where the provision of service is for a consideration wholly in terms of the money	Gross Amount Charged by the service provider for such service provided or to be provided by him.
	Where the provision of services is for a consideration:- a. Not in money but fully in kind. b. partly in money & partly in kind.	Such amount in money, with the addition of service tax charged, as is equivalent to the consideration. For Example: the amount of money charged in the bill by M (a taxable service provider) is ₹ 15,000/- and the market value of consideration received in kind is ₹ 8,000/-, the value of taxable service provided by R shall be ₹ 23,000/-. Thus, R should charge service tax @12.36% on ₹ 23,000/-.
	Where the provisions of service is for a consideration which is not ascertainable.	Equivalent to the Gross Amount charged to provide **similar services to any other person** in the ordinary course of trade where

		Gross Amount charged is the sole consideration. However, if the value of taxable service cannot be determined in the above manner, the value of taxable services shall be **equivalent money value of such consideration** which shall, in no case, be less than the **cost of provision of such** taxable service.
Section 67(2): Bill Value is inclusive of service tax.	If the gross amount charged by a service provider for the services or to be provided is inclusive of service tax payable, the value of such taxable services shall be such amount as, with the addition of tax payable, is equal to the gross amount charged. Thus in this situation the assessee is to calculate service tax based on reverse working: **Example:** If the person raises the invoice ₹ 11,236/- inclusive of service tax then the service tax payable is calculated as $= \frac{₹\ 11236}{112.36} \times 12.36 = ₹1236/-$ Section 67(3): Gross amount charged shall include any amount received towards the taxable services before, during, or after provisions of such services.	
Few Important notes	• Sales value of goods to be excluded for calculation of taxable value. • Reimbursement of expenditure incurred on behalf of customer to be excluded in certain cases. • No service tax on free services. • **"Gross Amount Charge" includes payment by cheque, credit card, deduction from any account and any form of payment by issue of credit card note or debit note and book adjustment, and any amount credited or debited, as the case may be, to any account, whether called "Suspense Account" or by any name, in the books of account of a person liable to pay service tax, where the transaction of taxable service is within any associated enterprise. (F.A. 2012)**	
Section 67A: Applicable Rate.	**The rate of Service tax, value of a taxable services and rate of exchange, if any, shall be the rate of service tax or value of a taxable services or rate of exchange, as the case may be, in force or as applicable at the time when the taxable service has been provided or agreed to be provided. (FA 2012)**	
Goods Value shall be excluded.	• There may be situation wherein service provider may also sell certain goods (directly or indirectly). • If he do so then value of goods or material while providing the service, Value of such goods or service for the purpose of levying tax shall be calculated by excluding the such value of material. • But this applies only when the sale value is quantified & separately shown in Invoice.	

Where sale cannot be quantified or value cannot be determine separately	
Particular	**Portion on which service tax is payable**

a. In case of work contract entered into for execution of original work contract.	40% of the gross value of work contract.
b. In case of work contract entered into for manufacturing or restoration or servicing of any goods	70% of gross value of work contract.
c. In case of other work contracts not covered in a & b above including maintenance, repair, completion of furnishing services such as Glazing, Plastering, Flooring and Wall tiling, installation of electrical fitting of an immovable property.	60% of gross values of work contract.

Illustration 7

Determine the service tax payable by the contractor who has taken a works contract of ₹ 14,00,000/- in the following cases:

a. Works contract is for execution of original work.
b. Works contract is for maintenance of 200 computers installed in client's office.
c. Work contract is for installation of electrical fitting in an immovable property.
Assuming in all the above case, value of goods used in the work contract cannot be separately determine.

Taxable Value of service to be calculated after allowing deduction of abatement Notification No. 26/2012-ST provides rate of Abatement.			
Sr. No	**Description of Taxable Service**	**Abatement**	**Condition**
1	Service in relation to fiancé leasing including hire purchase	90%	
2	Transport of goods & passengers by rail with or without accompanied belongings	70%	
3	Bundled service- 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.	30%	No CENVAT Credit on Food items
4	Transport of passenger by Air with or without accompanied belongings	60%	No CENVAT Credit on input and capital items
5	Renting of hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes.	40%	No CENVAT Credit on input and capital items
6	Services of goods transport agency in relation to transportation of goods.	75%	No CENVAT Credit
7	Services provided in relation to chit	30%	No CENVAT Credit on input and capital items
8	Renting of any motor vehicle designed to carry passengers	60%	No CENVAT Credit
9	Transport of goods in a vessel	75%	No CENVAT Credit

10	Services by a tour operator in relation to,- (i) a package tour (ii) a tour, if the tour operator is providing services solely of arranging or booking accommodation for any person in relation to a tour (iii) any services other than specified at (i) and (ii) above.	75% 90% 60%	
11	Construction of a complex, building, civil structure or a part thereof, intended for a sale to a buyer, wholly or partly except where entire consideration is received after issuance of completion certificate by the competent authority	75%	1. CENVAT credit on inputs used for providing the taxable service has not been taken under the provision of CENVAT Credit Rule, 2004 2. The value of land is included in the amount charged from finance received

PAYMENT OF SERVICE TAX

Section 68: Payment of Service Tax	(1) Every person providing taxable service to any person shall pay service tax at the rate specified in section 66 in such manner and within such period as may be prescribed. (2)Notwithstanding anything contained in sub-section (1), in respect of **such taxable service as may be notified** by the Central Government in the Official Gazette the service tax thereon shall be paid by such person and in such manner as may be prescribed at the rate specified in section 66 and all the provisions of this chapter shall apply to such person as if he is the person liable for paying the service tax in relation to such service. "Provided that the Central Government may notify the service and the extent of service tax which shall be payable by such person and the provisions of this Chapter shall apply to such person to the extent so specified and the remaining part of the service tax shall be paid by the service provider.";

POINT OF TAXATION RULE, 2011 (POTR 2011)	
Rule 2(ba) Change in effective rate of tax	**Shall include a change in the portion of value on which tax is payable in terms of a notification issued in the Official Gazette under the provisions of the Act, or rules made there under;**
Rule2(c) Continuous supply of service	Means any service which is provided, **or to be provided continuously or on recurrent basis, under a contract, for a period exceeding three months with the obligation for payment periodically or from time to time**, or where the Central Government, by a notification in the Official Gazette, prescribes provision of a particular service to be a continuous supply of service, whether or not subject to any condition;
2A. Date of Payment. -	**For the purposes of these rules, "date of payment" shall be the earlier of the dates on which the payment is entered in the books of accounts or is credited to the bank account of the person liable to pay tax:** **Provided that —** **(A) the date of payment shall be the date of credit in the bank account when —** **(i) there is a change in effective rate of tax or when a service is taxed for the first time during the period between such entry in books of accounts and its credit in the bank account; and** **(ii) the credit in the bank account is after four working days from the date when there is change in effective rate of tax or a service is taxed for the first time; and** **(iii) the payment is made by way of an instrument which is credited to a bank account,** **(B) if any rule requires determination of the time or date of payment received, the expression "date of payment" shall be construed to mean such date on which the payment is received;".**
Rule 4A of Service tax Rule 1994	Every person providing any taxable service shall issue an invoice, bill/ challan signed by such person or person authorized by him in respect of such taxable service provided or to be provided. The invoice, bill, challan shall be issued within **30 days(new notification)** from: a. The date of completion of service taxable service or b. The receipt of payment towards the value of taxable service whichever is **earlier**.

Characteristic of Invoice	• Serially numbered. • The name, address and the registration number of the service provider. • The name and address of the service provider • Description, classification and value of taxable service provided or to be provided and • Service tax payable there on. • However in case of Goods Transport Agency (GTA) in addition to above information, the abovementioned invoice should contain details of consignment note number, gross weight of consignment issue is also to be provided.
Meaning	The "Point of Taxation" means the point of time when a service shall be deemed to have been provided w.e.f. 01.07.2011 Service Tax is required to be paid in accordance with POTR 2011. • Determination of Point of Taxation in accordance with this Rules. • Making payment of Service Tax in accordance with rule 6(1) of service tax rules, 1994.
Rule 3 of POTR 2011: Determination of point of taxation.-	The Point of Taxation shall arise on the date of:- 1. Date on which the **invoice is raised for service provided or agreed to be provided** is not raised but such issue of invoice should be within **30 days (45 days in case of Bank & Financial Institution)if not then the date of completion of service**, or 2. Receipt of payment if received (including any advance by whatever name) to the extent of payment received whichever is earlier. But with following exceptions **(i) in case of continuous supply of service where the provision of the whole or part of the service is determined periodically on the completion of an event in terms of a contract, which requires the receiver of service to make any payment to service provider, the date of completion of each such event as specified in the contract shall be deemed to be the date of completion of provision of service;** **(ii) wherever the provider of taxable service receives a payment up to rupees one thousand in excess of the amount indicated in the invoice, the point of taxation to the extent of such excess amount, at the option of the provider of taxable service, shall be determined in accordance with the provisions of clause (a).**

Rule 6 of Service Tax Rules 1994.			
S. No	Mode of Payment	Status of Provider	Last Date for making Payment of Service Tax
1	Electronically through Internet banking i.e. on – line payment	Any person **other than an individual or proprietary firm or partnership firm.**	**6th day of month immediately following the calendar month** in which the service is deemed to have been provided as per POTR 2011. However, for the month of March, Service Tax has to be deposited by 31st March.
2	Any mode other than internet banking	Any person **other than an individual or proprietary firm or partnership firm.**	**5th day of the month immediately following the calendar month** in which the service is deemed to have been provided as per POTR, 2011. However, for the month of March, Service Tax has to be deposited by 31st March.
3	Electronically through internet banking i.e. on – line payment	An individual or proprietary firm or partnership firm.	**6th day of the month immediately following the quarter** in which the service is deemed to have been provided as per POTR, 2011. However, for the month, Service Tax has to be deposited by 31st March.
4	Any mode other internet banking	An individual or proprietary firm or partnership firm.	**5th day of the month immediately following the calendar quarter** in which the service is deemed to have been provided as per POTR, 2011. However, for the month of March, Service Tax has to be deposited by 31st March.

Note: Forth Proviso to sub-rule (1) has been inserted which allows assessee to pay tax on receipt basis if the aggregate value of taxable service of ₹ 50 lakh or less in the previous year up to point during the present year where the payment received on aggregate value of taxable service reaches ₹ 50 lakh during the current year.

Illustration 8

Priyanka Ltd. gives the following particular relating to the services provided by it to its various clients for the month ending on 31.08.2012:

a. Total bills raised ₹ 17,50,000/- out of which bill for ₹ 1,50,000/- was raised on an Diplomatic Mission and payment for the month ₹ 2,00,000/- were not received until 31.08.2012. Service tax is separately charged on the bills raised.
b. Amount of ₹ 1,12,360/- (including service tax) was received as an advance from Sahid Ltd. on 20.08.2012 to whom the service were provided in August 2012.

Compute:

a. Value of Taxable Service.
b. Amount of Service Tax Payable.
c. Last date of Service Tax Payable.

Assume service tax is separately charged in the bills as well as for advance payment.

Rule 4 of POTR 2011: if the effective rate of service tax	In the following cases the old rate will continue to apply: • Amount is received before the date of change of rate.

is changed before or after rendering the service	• Not only the service has been rendered before that date but the payment has also been received before the date of change of rate. • Service has been rendered before the date of change of rate and the invoice has also been raised before that date, although payment is received after the date of change of rate.
Rule 5 of POTR 2011: Payment of tax in case of new service.	**Where a service is taxed for the first time, then,—** **(a) no tax shall be payable to the extent the invoice has been issued and the payment received against such invoice before such service became taxable;** **(b) no tax shall be payable if the payment has been received before the service becomes taxable and invoice has been issued within 14 days of the date when the service is taxed for the first time.".**

Illustration 9

A service has become taxable w.e.f. 01.10.2012. Discuss the taxability of the same in the following situations:

Situation	Time of issue of invoice	Amount of invoice issued ₹	Date of receipt of payment	Amount of receipt ₹
1	25.09.2012	1,00,000	26.09.2012	1,00,000
2	25.09.2012	1,00,000	26.09.2012	60,000
3	25.09.2012	60,000	26.09.2012	1,00,000
4	25.09.2012	1,00,000	20.09.2012	1,00,000
5	03.10.2012	1,00,000	30.09.2012	1,00,000
6	24.10.2012	1,00,000	20.09.2012	1,00,000

Rule 7 of POTR 2011: Determination of POT in the case of specified service or persons.	**In the case where the person is liable to pay tax on *reverse charge* mechanism the point of taxation shall be the date of making Payment. But if the payment is not received *within 6 month* of date of issue of invoice then the Point of taxation shall be determined as if this rule didn't existed at any time at all.** **But in case of Associated Enterprises where the person providing service is located outside India the POT shall be the date of debt in the books of account of the person receiving the service or date of making the payment whichever is earlier.** **Reverse Charge:** means the tax or part of tax (i.e. % of payment specified in respect of specified service) is payable by the person receiving the service.

Illustration 10

Ayushman Ltd. receives taxable service from Yami Ltd. of Italy on 24.07.2012. Yami Ltd. raises the invoice on 07.08.2012.

Ayushman Ltd. makes payment as under:

Case I 15.12.2012

Case II 30.03.2013

Determine the point of taxation in the above two cases.

Rule 8 of POTR 2011: Determination of Point taxation in case of copyright etc.	In respect of **royalty** and **payment pertaining to copyright, trademarks, designs or patents**, where the **whole amount of consideration** for the provision of service is **not ascertainable** at the time when **service was performed**, and subsequently the use or the benefit of these services by a person other than the provider **gives rise to any payment of consideration**, the service shall be treated as having been **provided each time when a payment in respect of such use or the benefit is received by the provider in respect thereof, or an invoice is issued by the provider, whichever is earlier.**
Rule 8A of POTR 2011: Determination of Point taxation in other case.	**Where the point of taxation cannot be determined as per these rules as the date of invoice or the date of payment or both are not available, the Central Excise officer, may, require the concerned person to produce such accounts, documents or other evidence as he may deem necessary and after taking into account such material and the effective rate of tax prevalent at different points of time, shall, by an order in writing, after giving an opportunity of being heard, determine the point of taxation to the best of his judgment.**

Illustration 11

Gauri a practicing Chartered Accountant provides the following particulars for the Quarter ending on 31.12.2012. All Bills raised by Gauri are inclusive of Service Tax.

Date	Particulars	Amount ₹
25.10.2012	Bill No. 007 in respect of Statutory Audit Fees charged to Akshay Ltd.	3,00,000
05.11.2012	Bill No. 008 in respect of Internal Audit Fees charged to Shahrukh Ltd.	2,40,000
19.11.2012	Amount received towards Bill No.007	3,00,000
22.11.2012	Bill No. 009 in respect of Appearance before Tribunal against notice issued to charged to Salman Ltd.	2,60,000
28.11.2012	Amount received towards Bill No.009	2,60,000
04.12.2012	Amount received towards Bill No.008	1,60,000
04.01.2013	Amount received towards Bill No.008	80,000

You are required to compute the following for the quarter ending 31.12.2012:

a. Value of Taxable Service.
b. Amount of service tax payable.
c. Last date of service tax payable.

Assuming aggregate value of taxable service provided in the previous financial year:

A. Did not exceed ₹ 50,00,000/-.
B. Exceed ₹ 50,00,000/-.

Rule 6A of Service tax rules 1994: Advance payment of service tax.	The service tax assessee has been given the facility to pay service tax in advance and to adjust the same with the future service tax liability. However the relevant assessee is required to: i. Intimate the details of advance payment of service tax to the jurisdictional Superintendent of Central Excise within 15 days from the date of such payment. ii. Indicate the details of advance payment made, and its adjustment, if any in the subsequent return to be filed under section 70 of the Act.
Section 37D of Central Excise Act 1944: Round off of tax	The said provision is applicable to service tax also hence the payment is to be rounded off to the **nearest RUPEES.** If 50 paisa or more then to next Rupees otherwise preceding rupee.
Rule 6(2) of Service tax rules 1994: How to make payment.	The assessee is required to deposit the service tax with the bank designated by the Central Board of Excise and Customs for this. The payment is to be deposited through GAR-7. The account head is "044". The proper care is to be taken while filing up the challan to mention the correct code number. A Xerox copy of Challan is to be attached with ST-3. However in case the assessee has paid service tax of ₹ 10,00,000/- or more (including the amount utilized of CENVAT Credit) in the preceding financial year he shall deposit the service tax liable to be paid by him **electronically, through internet banking.** The failure to pay service tax electronically when the person is so required shall attract a penalty of an amount upto₹ 10,000/- w.e.f. 08/04/2011. Interest is to be noted that the **interest for delayed payment** of service tax has also to be paid along with the service tax amount.
Rule 6(2A) of Service tax	In case of payment by cheque, rule 6(2A) provides that the date of payment is

rules 1994: Payment by Cheque Date of Tender.	the date on which the cheque is tendered to the designated bank, provided the cheque is not dishonoured in the course of clearing.
The Section 75 Read with section 68: Interest on delayed payment	Who fails to credit **the tax or any part thereof** to the account of the Central Government within the period prescribed, shall pay simple interest at the rate which may be prescribed by the Central Government periodically. However the rate of Interest shall not be less than 10% and shall not exceed 36% p.a. w.e.f.01.04.2011. Rate of interest prescribed by Central Government has been exhibit in the following table:
	Kind of Assessee / Rate of Interest
	"Small Scale Sector" Assessee. The term "Small Scale Sector" means a service provider whose value of taxable service does not exceed ₹ 60 lakh either during any of the year covered by the noticed or during the last financial year — 15% p.a.
	Any assessee other than "Small Scale Sector" Assessee — 18% p.a.
	Interest is payable for the period from the 1st day after the due date till the actual date of payment of any defaulted service tax amount i.e. day wise.

Illustration 12

Anushka Ltd. (Non - Small Scale Sector Assessee) Submitted the following information:

Service Tax liability for the month of October 2012	₹ 4,50,000
Due Date of discharging above liability	05.11.2012
Date on which above service tax liability was actually discharged	14.03.2013

Compute the amount of interest to be paid by Anushka Ltd. for delay in payment of service tax under section 75.

Penalty for failure to make payment of service tax by due date – Section 76		
S No.	**Relevant Sub- Heading**	**Relevant provision of section 76**
1	When Penalty u/s 76 is levy able	When any person liable to pay Service Tax either does not (i.e. of his own choice) or fails (due to some compelling reason) which does not fall within the purview of expression 'reasonable cause' as envisaged under section 80 by the stipulated time.
2	Quantum of Penalty with effect from 08.04.2011	a. ₹ 100/- per day for every day during which such failure continues or b. At the rate of 1% of such tax, per month (i.e. 12%/12) Whichever is **higher** However, total amount of penalty payable under this section shall not exceed **50% of the service tax** that the assessee fails to pay.
3	Period for which penalty is to be levied	Beginning with the first day after the due date and ending with the date of actual payment.

Rule 6(3) of Service tax rules 1994: Adjustment of Excess Service tax Paid.	There is a possibility of excess payment of service tax in the following situation: 1. Issue of invoice or receipt of any payment but taxable service is not provided or there is renegotiation of amount of invoice [Rule 6(3)]. 2. Assessee is unable to correctly estimate, on the date of deposit, the

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email: capkiyer@yahoo.com

	actual amount payable for any particular month or quarter [Rule 6(4)]. 3. Excess payment is due to any other reason.
SITUATION 1: Issue of invoice or receipt of any payment but taxable service is not provided or renegotiation of amount of invoice.	
Where an assessee has issued an invoice or received any payment against a service to be provided i. which is **not** provided by him **either wholly or partly** for any reason OR ii. where the amount is **renegotiated** due to **deficient Provision of Service** or **Non-fulfillment of any terms contained in a contract**. The assessee may **take credit of excess service tax** paid by him provided: a. He has **refunded the payment or part thereof so received** for the **service provided** to the person from whom it was received. b. He has **issued a credit note** for the **value of service not so provided to the person** to whom such an invoice has been issued.	
SITUATION 2: Assessee is unable to correctly estimate, on the date of deposit, the actual amount payable for any particular month or quarter [Rule 6(4)].	
a. Rule 6(4): Provisional payment of service tax.	Where an assessee for any reason is not in position to determine the actual tax liability for a particular Quarter or Month he may make a request in writing to the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, **given reason for payment of service tax on provisional basis** and the Assistant Commissioner of Central Excise or Deputy Commission of Central Excise, as the case may be, on receipt of such request, may allowed payment of service tax on professional basis on such value of taxable service as may be specified by him.
b. Rule 6(4A) and 6(4B) Self Adjustment of Excess Tax Paid.	Where an assessee has paid excess amount of service tax liability for a month or quarter, as the case may be, the assessee may adjust such excess amount paid by him against his service tax liability for the succeeding month or quarter, as the case may be subject to the following conditions: i. Excess amount paid is on account of reasons not involving any of the following: a. Interpretation of law b. Taxability c. Classification d. Valuation e. Applicability of any exemption notification.

c. **Rule 6(5) and 6(6)Provisional Assessment.**	The assessment for provisional assessment shall file a statement giving details of difference between the Service Tax deposit and the Service Tax liable to be paid for each month in a memorandum in the Form ST – 3A accompanying the half yearly return in Form ST – 3. In case the Service Tax assessee report to provisional assessment after following the procedure and furnishing the return in the Form ST – 3A along with Form ST – 3, it is the responsibility of the Asstt. /Deputy Commissioner to complete the assessment after calling for from the assessee the relevant documents or records, as may be considered necessary by him. Whichever the Asstt./ Dy. Commissioner, after considering all the details/documents proposes to re-assess the Service Tax liability, the finalization of the provisional assessment would be made after providing adequate opportunity to the assessee by issuing the show cause notice and giving opportunity of being heard in person.

SITUATION 3: Excess payment is due to any other reason.

Where the excess payment is due to any other reason, the assessee has to apply for a refund under section 11B of the Central Excise Act if the assessment is pending, if the assessment is completed, the assessee should apply for rectification under section 74 of the Finance Act, 1994.

Person Liable for payment of service tax.

SR. No.	Description of Services	Person Providing Service	Person Receiving Service
1	Service provided or agreed to be provided by an insurance agent to any person carrying insurance business	NIL	100%
2	Service provided or agreed to be provided by a GTA in respect of transportation of goods by road	NIL	100% of 25% of freight paid amount by **specified entity***.
3	Service provided or agreed to be provided by way of sponsorship road	NIL	100%
4	Service provided or agreed to be provided by an Arbitral Tribunal	NIL	100%
5	Service provided or agreed to be provided by individual Advocate or a firm of Advocates by way of legal service	NIL	100%
6	Service provided or agreed to be provided by a Director of a company to the said company	NIL	100%
7	Service provided or agreed to be provided by a Government or Local Authority by way of support services excluding:- i. Renting of immovable property. ii. Service specified in sub- clause (i), (ii)& (iii) or clause (a) of section 66D of Finance Act, 1994	NIL	100%
8	i. In respect of service provided or agreed to be provided by way of renting of a motor vehicle designed to carry passenger on abated value to any person who is not engaged in the similar line of business. ii. In respect of service provided or agreed to be provided by way of renting of motor vehicle designed to carry passengers on non	NIL 60%	100% 40%

	abated value to any person who is not engaged in the similar line of business		
9	Service provided or agreed to be provided by of supply of manpower for any purpose or security service.	25%	75%
10	Service provided or agreed to be provided in service portion in execution of work contract.	50%	50%
11	Service provided or agreed to be provided by any person located in non taxable territory and received by any person located in the taxable territory.	NIL	100%
12	Any other Case.	100%	NIL

***Specified Entity:** a Factory, a Company, A Corporation established under any law, a society, a co-operative society, a registered dealer of excisable goods, a body corporate or a partnership firm.

Rule 6(3) of Service tax rules 1994: Adjustment of Excess Service tax Paid.	There is a possibility of excess payment of service tax in the following situation: 1. Issue of invoice or receipt of any payment but taxable service is not so provided or there is renegotiation of amount of invoice [Rule 6(3)]. 2. Assessee is unable to correctly estimate, on the date of deposit, the actual amount payable for any particular month or quarter [Rule 6(4)]. 3. Excess payment is due to any other reason.

Illustration 13

Madhuri Ltd. has entered into contract with Sanjay Ltd. on 05.07.2012 for rendering both taxable and non-taxable service mentioned in the negative list for aggregate amount of ₹ 31,50,000/- consisting of ₹ 21,00,000/- for taxable service & ₹ 10,50,000/- for non taxable services. Following further information is given in this respect:

i. Advance of ₹ 9,00,000/-(Excluding Service Tax) received on 05.07.2012 from H Ltd. towards taxable and non-taxable service. Applicable service tax was separately received.
ii. The entire contract was complete on 24.08.2012 and invoice was issued on 12.09.2012 for above contract amount of ₹ 31,50,000/- plus service tax wherever applicable.
iii. Balance payment of ₹ 22,50,000/- (₹ 31,50,000 - ₹ 9,00,000) plus service tax was, however, received on 19.03.2013.

From the above details, please determine the following:

a. Point of Taxation as per Point of Taxation Rules, 2011.
b. Amount of Service Tax Payable.
c. Last date for making payment of Service Tax without any interest.
d. Will there be any change in Point of Taxation and last date for making payment of Service Tax without any interest if invoice is issued on 29.09.2012 instead of 12.09.2012.

Illustration 14

Fardeen Ltd. provides the following information for the quarter ending 30.09.2012:

i. Total bills raised (excluding service tax) ₹ 70,00,000/- which inter alia includes the following:

a. Service provided for the official use of a foreign Diplomatic Mission in India ₹ 6,00,000/-.

b. Service rendered to a Developer of Special Economic Zone which are wholly – consumed within SEZ for authorized operator ₹ 4,00,000/-

ii. Amount of ₹ 30,00,000/- (including ₹ 6,00,000/- for services rendered to a Diplomatic Mission) was received on 18.08.2012. these services were provided on 16.07.2012 and invoice was also raised on the same date.

iii. Amount of ₹ 32,00,000/- (including ₹ 4,00,000/- for wholly – consumed service within SEZ) was received on 22.09.2012. These service were provided on 25.08.2012 & invoice was raised on 29.08.2012.

iv. Advance of ₹ 6,00,000/- (exclusive of Service Tax) was also received on 10.09.2012 against the services which will be provided on 11.10.2012.

From the above details, determine the following:

A. Point of Taxation

B. Value of Taxable Service and Amount of Service Tax Payable

C. Last date of depositing Service Tax without any interest.

Section 69: Registration **Rule 4**	Every person liable to pay service tax is required to make application to the concerned Superintendent of Central Excise **in Form ST-1 within 30 days** from the date on which the aggregate value of taxable services exceeds **₹ 9,00,000/-**.
Centralized Registration **Rule 4(2) & Rule 4(3)**	• Where the person liable for providing taxable service from more than one premises. • Receives such service in more than one premises or office (applicable when service tax by service recipient) • Is having more than one premise or office, which are engaged in relation to such service in any other manner, making such person liable for paying service tax. AND • Has centralized billing / accounting system • The he can have one centralized registration in the jurisdiction of the Commissioner of Central Excise in which such centralized accounting or billing is done.

<table>
<tr><td>Documents to be Attached along with registration form ST-1</td><td colspan="2">

Application duly signed in Form ST-1 (electronic)
Attested copy of PAN
Proof of Address of premises which is required to be registered.
Proof of residential addresses of the premises which is required to be registered.
Copy of Document governing the construction of the organization.
Authority letter in favor of the person who is to collect the registration certification on the letter head of the organization applying for registration.
Power of Attorney/Board Resolution in respect of the Authorized Signatory, his name and Address details where the documents are signed by an authorized representative.
</td></tr>
<tr><td>ISSUE OF REGISTRATION CERTIFICATE RULE 4(5):</td><td colspan="2">

Registration certification to be issued within 7 days in Form ST-2 if not then it shall be deemed to have been issued.
New Pan based registrations are issued nowadays for every premise such as PAN then ST 001,002 and so on.
Any change is to be made within 30 days from the date of change.
For any transfer of business we have to have new fresh registration 4(6).
</td></tr>
<tr><td>Assessee ceases to carry on the business rule 4(7) & 4(8)</td><td colspan="2">According to rule 4(7) the assessee should surrender the registration granted to him.
According to rule 4(8) the Superintendent of Central Excise shall ensure that the assessee has cleared all his dues.</td></tr>
<tr><td rowspan="6">Registration of Service recipient or other specified person, in term of Section 68(2) of Finance Act 1994 read with Rule 2(1)(d) o f Service Tax Rules, 1994.</td><td>Service Provided and Nature of Service</td><td>Person who is to apply for registration and pay service tax.</td></tr>
<tr><td>i. In case service is provided by an Insurance Agent.</td><td>Insurer</td></tr>
<tr><td>ii. Where a Goods Transport Agency provides taxable service to a specified consignor & consignee.</td><td>Person making payment of freight</td></tr>
<tr><td>iii. In case service is provided by distributor to Asset Management Company or Mutual Fund.</td><td>Asset management company or mutual fund</td></tr>
<tr><td>iv. In case service is provided by any person from a country other than India.</td><td>Recipient of service in India.</td></tr>
<tr><td>v. Sponsorship Services if the sponsor is located within India</td><td>Any Body corporate or a firm receiving sponsorship service. i.e. service recipient.</td></tr>
<tr><td>Registration by other persons section 69(2).</td><td colspan="2">

Input Service Distributor: he shall make an application for registration within 30 days of commencement of Business.
Small Service Distributor: he shall make application for registration within 30 days of exceeding the aggregate value of ₹ 9,00,000/- in a financial year.
</td></tr>
<tr><td>Input service distributor rule 2(m)</td><td colspan="2">An Input service distributor refers to an office or establishment of a :-
a. Manufacturer, or producer of a final product or
b. Provider of output service.</td></tr>
</table>

<table>
<tr><td></td><td colspan="2">Which receives service tax paid invoice / bills of input service procured (on which CENVAT Credit taken) and distributes such credit to its units providing taxable service or manufactures excisable goods. The distribution of credit is on satisfaction of the following conditions:
i. The credit distributor against an eligible document shall not exceed the amount of service tax paid thereon and
ii. Credit of service tax attributed to services used in a unit either exclusively goods or exclusively providing exempted service shall not be distributed.</td></tr>
<tr><td>Penalty for Non – Registration</td><td colspan="2">A person who is liable to pay service tax or is required to take registration, fails to take registration within stipulated time, shall be liable to pay a penalty of Higher of the following two:
a. Any amount upto₹ 10,000/-
b. ₹ 200/- for every day during the failure continues.</td></tr>
<tr><td>Furnishing of Returns: Section 70 & Rule 7</td><td colspan="2">The return shall be submitted half yearly on 25th of April or 25th October for the half year ended on 31st March & 30th September in form ST-3.
Every person is liable to file return of service tax electronically. This returns are to be filed under ACES.
Notification No. 47/2012 Service Tax ordered to file return on 25th October for the quarter ended on 30th June 2012 (any further notification or clarification is yet to be issued whether it will be continued or it is just for the purpose of relaxation due to such hefty amendments in Service Tax).
Further an order has been released Order No 3/2012 which extend the date for 1st Quarter ended on 30th June by 25th November (due to certain technical issues).</td></tr>
<tr><td rowspan="4">Penalty for non filing of return within due date</td><td>Period of delay from due date</td><td>Late fees/ Penalty/ Additional fees/ Amount to be paid</td></tr>
<tr><td>Upto 15 days</td><td>₹ 500/-</td></tr>
<tr><td>16 to 30 days</td><td>₹ 1000/-</td></tr>
<tr><td>Beyond 30 days</td><td>₹ 1000/- + ₹ 100/- per day beyond 30 days but it shall not exceed ₹ 20,000/-</td></tr>
<tr><td>Some Important Points</td><td colspan="2">• If assessee is not able to determine actual tax liability & amount of service provided he can file his return in Form ST - 3A (provisional return) before the due date & can submit actual return on final determination of actual tax liability along with ST - 3A .
• Return can be filed with the help of Service Tax Return Prepare (STRP)
• Every assessee has to file return electronically.
• Assessee can revise his return within 90 days from the date of submission of original return (it is 90 days even in case were the return has been filed after the due date also this 90 days is to be calculated from the date of filling of return not the due date of filling of return).</td></tr>
<tr><td>Enclosures with the return</td><td colspan="2">• Copy of GAR – 7 (Challan of tax paid) for every month covered in the return.
• Memorandum ST – 3A in case of Provisional Assessment.
• List of Accounts Maintained in relation to service tax by the assessee should be attached with the first return.
• Documentary Proof for adjustment of excess service tax paid in terms</td></tr>
</table>

	of rule 6(3). • Worksheet of calculation of interest in case of delayed payment of service tax.
Section 98: Special Provisions for exemption in certain cases relating to Management of, etc., of non - Commercial Building.	No service tax shall be levied on or collected in respect of management, maintenance or repair of non - commercial government building during the period on and from 16.06.2005 till 01.07.2012. the refund in relation to this has to be claimed within six month from 28.05.2012 i.e. consent of president. (F.A. 2012)

Illustration 15

M/s. Bharti Ltd. has been providing a service mentioned in negative list. This service has been bought within Service Tax w.e.f. 01.08.2012. What shall be the time limit to make application for registration and in which form?

Illustration 16

Pritika took Certificate of Practice w.e.f. 25.08.2012 after she qualified as Chartered Accountant. What shall be the time limit to apply for registration if she wants to pay service tax without taking exemption of ₹ 10,00,000/-?

Illustration 17

Punit a practicing Chartered Accountant started providing taxable service w.e.f. 01.08.2012. The aggregate value of taxable service provided by him till 28.12.2012 was ₹ 9,00,000/-. When will he be required to apply for registration?

Illustration 18

M/s. Hessel Ltd. has been providing a service which is mentioned in the negative list. The said service has become taxable w.e.f. 01.11.2012 as the same has been deleted from negative list. What shall be the time limit to make application for registration?

Illustration 19

Manish has started providing taxable service w.e.f. 24.07.2012. What shall be the time limit to make application for registration if he does not wish to take small service provider exemption of ₹ 10,00,000/-?

Illustration 20

Ria has been providing taxable service 01.06.2012. The value of service provided during this financial year 2012-13 was ₹ 7,95,000/-. During financial year 2013-14 she provided taxable service valuing ₹ 9,00,000/- till 05.05.2013. When will she be required to make application for registration?

ADITIONAL SUMS FOR PRACTICE

Illustration 21

Ranjeet, a Chartered Accountant practicing at Jammu conducts the audit of the following Client:

a. J&K Bank, Jammu, audit fees charged ₹ 5,00,000/-
b. Punjab National Bank, Hasansol, audit fees charged ₹ 9,90,000/-
c. Audit of other client in Jammu & Kashmir, audit fees charged ₹ 9,75,000/-

Compute the value of Taxable Service and Service Tax Payable.

Illustration 22

Rashmi, a Chartered Accountant practicing at Balaghat provides the service to his following Client:

a. Service provided to Parasuram urban Co-op Bank Ltd., Nagpur ₹ 4,90,000/-
b. Service provided to State Bank of India, Katra (J&K) ₹ 7,75,000/-
c. Audit of other client in Jammu & Kashmir, audit fees charged ₹ 9,75,000/-

Compute the value of taxable service provided and the amount of service tax payable. Assume service tax, if applicable, is separately charged in Bill @ 12.36%.

Illustration 23

Ranjeet, a Chartered Accountant practicing at Jammu conducts the audit of the following Client:

a. J&K Bank, Jammu, audit fees charged ₹ 5,00,000/-
b. Punjab National Bank, Hasansol, audit fees charged ₹ 9,90,000/-
c. Audit of other client in Jammu & Kashmir, audit fees charged ₹ 9,75,000/-

Compute the value of Taxable Service and Service Tax Payable.

Illustration 24

Compute the amount of Service Tax payable by authorized money changer in the following cases assuming he opts for lower rate of service tax:

a. Exchange US $ 300 and paid ₹ 16,200/-
b. Exchange Euro 1100 and paid ₹ 74,800/-
c. Exchange US $ 9140 and paid ₹ 4,84,420/-
d. Exchange US $ 24000 and paid ₹ 12,72,000/-

Illustration 25

Rupesh has been providing service is for last 3 years and the value of both taxable and non-taxable provided were as under:

Financial Year	Value of taxable service Provided	Value of non-taxable service provided
2009-10	7,40,000	3,20,000
2010-11	14,30,000	6,10,000
2011-12	8,90,000	3,70,000

During the financial year 2012-13, he has provided the following services:

Value of taxable service : ₹ 12,40,000/- & Value of non-taxable service : ₹ 3,90,000/-

Compute his service tax liability in such a manner that he has to pay minimum tax.

Illustration 26

Rio. Ltd. has been providing service which is mentioned in the negative list. The said service has become taxable w.e.f. 01.11.2012 as the same has been deleted from the negative list. What shall be the time limit to make application for registration?

Illustration 27

Smita has started providing taxable service w.e.f. 04.09.2012. What shall be the time limit to make application for registration if he does not wish to take small service provider exemption for ₹ 10,00,000/- .

Illustration 28

Rajnish has been providing taxable service 01.05.2011. The value of service provided during the financial year 2011-12 was ₹ 6,90,000/-. During financial year 2012-13 he provided taxable service valuing ₹ 9,00,000/- till 07.10.2012. When will be required to make application for registration?

Illustration 29

A Service has become taxable w.e.f. 01.01.2013.
Discuss the taxability of the same in the following situation:

Situation	Time of issue of invoice	Amount of Invoice	Date and amount of receipt of payment
1	28.12.2012	2,40,000	31.12.2012- ₹ 2,40,000/-
2	29.12.2012	3,00,000	29.12.2012- ₹ 2,60,000/-
3	27.12.2012	2,20,000	31.12.2012- ₹ 3,00,000/-
4	31.12.2012	3,40,000	25.12.2012- ₹ 3,40,000/-
5	12.01.2012	4,20,000	30.12.2012- ₹ 4,20,000/-
6	20.01.2012	6,00,000	31.12.2012- ₹ 6,00,000/-

Illustration 30

Ramesh a Chartered Accountant has been providing service for several years. The value of service provided in the financial year was ₹ 45,00,000/-. His service tax liability for quarter ending 30.09.2012 was ₹ 3,09,000/- which was deposited on 15.12.2012.
Compute the amount of interest and penalty to be paid by R for delay in payment of service tax assuming he is not able to establish that such delay was due to reasonable cause.

Illustration 31

Ramesh a Chartered Accountant who was supposed to deposit his service tax amount of ₹ 21,012/- for the quarter ending on 30.09.2012 on 05.10.2012 deposited the same on 12.12.2013. Compute the interest and penalty by Ramesh for delay in payment of service tax assuming he is a small service provider.

Illustration 32

Mallika Ltd. received a bill from goods transport agency for gross of ₹ 6,00,000/- on 07.09.2012 for the consignment of goods which was delivered on 28.08.2012. What will be the point of taxation if the payment is made by Mallika Ltd. on:

a. 20.12.2012
b. 14.03.2013

Illustration 33

M/s. Ramson's a partnership firm, gives the following particulars relating to the service provided to various clients by them in the quarter ending September 2012:

i. Total bills raised within 30 days of rendering the service ₹ 8,75,000/- out of which bill for ₹ 75,000/- was raised on a Diplomatic Mission. Payment of bill for ₹ 1,00,000/- relating to taxable service was not received till 30.09.2012. Service tax was separately charged in the Bill.
ii. Amount of ₹ 50,000/- was received as an advance from Diana Ltd. on 25.09.2012. Service tax was separately charged in the Bill.

You are required to work out the:

a. Taxable value of service.
b. Amount of service tax payable and the due date of payment.

Assuming the value of service provided in the last financial year:

I. Exceeds ₹ 50,00,000/-
II. Did not Exceeds ₹ 50,00,000/-

Illustration 34

Amay Ltd. has agreed to render service to Miss Ameeta. The following are the chronological event:

i. Contract for service entered into on 31.10.2012 for ₹ 4,41,200/- (inclusive of service tax)
ii. Advance of ₹ 60,000/- was received on 10.11.2012 towards the above service to be provided. The invoice amounting to ₹ 60,000/- (inclusive of service tax) for advance payment was raised on 15.11.2012.
iii. Date of completion of service 28.12.2012.
iv. Date of raising of invoice 05.01.2013.
v. The details of payment received:

29.12.2012 2,00,000/- 15.01.2012
1,00,000/-16.02.2012
81,200/-

When does the liability to pay service tax arise and for what amount?

Illustration 35

Rancho Ltd. has entered into a contract with Raja Ltd. for rendering both taxable and non-taxable service. The following information is available to you in connection with the above contract:

1. Advance received on 05.07.2012 from Raja Ltd. towards all service ₹ 6,00,000/-. No service tax is separately charged in case of advance.
2. Total value of services provided and bills in August 2012 ₹ 21,00,000/- which includes ₹ 7,00,000/- for non-taxable service mentioned in negative list. Service tax separately charged on the value of taxable service provided. Balance consideration is received in February 2014.

   Determine the service tax payable and due date of payment of service tax.

Illustration 36

The following information is furnished by a partnership firm to you for the quarter ended 30.09.2012.

Total value of bills raised (exclusive of service tax) ₹ 35,00,000/- which includes a bill of ₹ 3,00,000/- for service rendered to a diplomatic mission and ₹ 2,00,000/- for service rendered in Special Economic Zone which is consumed wholly SEZ.

₹ 15,00,000/- (including ₹ 3,00,000/-) for service rendered to diplomatic mission was received in August 2012 whereas the services were rendered in July 2012.

₹ 20,00,000/- (including ₹ 2,00,000/- for service rendered in special economic zone) rendered in August 2012 out of which ₹ 16,00,000/- (including for service rendered in Special Economic Zone) was received in September 2012.

₹ 5,00,000/- was received in September 2012 for which service will be provided in October. (Service tax was separately charged for such advance amount when the bill for it was raised within 20 days)

a. Compute the value of taxable service
b. The service tax payable
c. Due date of payment of service tax.

Illustration 37

Ranjeet Ltd. is engaged in the business of providing the information technology software service and sale of packaged I.T. Software.

From the following information submitted to you, half year ending 30.09.2012 compute

a. Value of taxable service
b. The service tax payable
c. Due date of payment of service tax.

Assuming that service tax, if applicable, is charged extra in the bills raised.

		₹
05.05.2012	Bills issued to Mona Ltd. for providing IT Software Service.	5,00,000/
06.06.2012	Bills issued for packaged I.T. software which includes excise duty @14.42%	2,28,840/
16.07.2012	Bill issued for providing IT Software Service	4,00,000/
25.07.2012	Amount received against bills raised 05.05.2011	3,37,080/

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09.08.2012	Amount received against bill raised for package IT Software	1,80,000/
28.09.2012	Amount received against bill date 16.07.2012	3,00,000/
30.09.2012	Advance (inclusive of service tax) received for IT Software service to be rendered in October 2012	1,12,360/

Illustration 38

M/s Sonia a partnership firm submits you the following information for the quarter ending 31.03.2013. Compute the

a. Value of taxable service.
b. Service tax payable
c. The due date of e-payment of service tax.

		₹
05.01.2013	Bills No. 101 for consultancy service rendered to Manmohan Ltd. service provided on 02.01.2013	3,00,000/
06.02.2013	Bills No. 102 for consultancy service rendered to Chitambaram Ltd.	1,50,000/
18.02.2013	Amount received from Manmohan Ltd.	3,00,000/
06.03.2013	Bill No. 103 raised in the name of Lalu ltd. for service rendered on 01.02.2013	2,10,000/
09.03.2013	Amount received from Chitambaram Ltd.	1,00,000/
18.03.2013	Amount received from Lalu Ltd.	1,40,000/
28.03.2013	Amount received from Mamta Ltd. for service rendered in April 2013	1,80,000/

Assumed aggregate value of taxable service provided in the previous financial year.

a. Did not exceed ₹ 50,00,000/-
b. Exceed ₹ 50,00,000/-

Bills raised are inclusive of service tax if applicable.

Illustration 39

Garima a Chartered Accountant, is holding a certificate of practice and has provided the following service to its clients in the quarter ended on 30.09.2012. Compute the service tax payable and the due date of payment. The bills raised are inclusive of service tax, if applicable. Assuming aggregate value of taxable service provided in the previous financial year did not exceed ₹ 50,00,000/-.

		₹
06.07.2012	Bills No. 102 Internal Audit fees of Saket Ltd.	2,40,000/
06.08.2012	Amount received from Shobit Ltd. for service rendered on 05.06.2012	3,00,000/
06.08.2012	Bills No. 103 raised in the name of Pawan Ltd. for appearance before Appellate Tribunal against notice issued to the client. The cheque has been received on the same date.	2,60,000/
05.09.2012	Amount recived from Saket Ltd.	1,60,000/
08.09.2012	Amount received as a part time lecturer	80,000/
28.09.2012	Amount received from Deepika Ltd. for service to be rendered in October 2012	2,50,000/

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Illustration 40

Payal Ltd. has entered into contract with S Ltd. on 05.10.2012 for rendering both taxable and non-taxable services for an aggregate amount of ₹ 63, 00,000/- consisting of ₹ 42, 00,000/- for taxable services and ₹ 21, 00,000/- for non-taxable services. Following further information is given in this respect:

(i) Advance of ₹ 18, 00,000/-[exclusive of service tax] received on 05.10.2012 from S ltd. towards both taxable and non-taxable services.

(ii) The entire contract was completed on 30.10.2012 and invoice was issued on 20.11.2012 for above mentioned contract amount of ₹ 63, 00,000/-.

(iii) Balance payment of ₹ 45, 00,000/- [₹ 63, 00,000-₹ 18, 00,000] was however received on 19.02.2013

Compute:

(a) Point of taxation as per point of taxation rules,2011

(b) Amount of service tax payable

(c) Last date for making payment of service tax without any interest.

(d) Will there be any change in point of taxation and last date for making payment of service tax without any interest if invoice is issued on 18.12.2012 instead of 20.11.2012

Illustration 41

Sunny Leon institute, a partnership firm is running a coaching centre and has been paying service tax more than ₹ 10, 00,000/- in the past several years. The details pertaining to the quarter ended 30.09.2012 are as under:

Particulars	Amount(₹)
Value of free coaching rendered	60000
Coaching fees collected from students (Service tax collected separately) on 16.08.2012	4350000
Advance received on 30.09.2012from coaching centre for coaching their students	1200000

1. One student was refunded the total fee of ₹ 40,000/- plus service tax on 15.01.2013
2. Another student was refunded ₹ 10,000/-(incl. service tax) on 16.04.2013 due to deficient service

Determine the service tax liability for the quarter and indicate the date by which the service tax has to be remitted by the assessee.

Illustration 42

Determine the Point of Taxation in each of the following independent cases:

CASE 1	Date of Completion of Taxable Service	01.08.2012
	Date of Issue of Invoice	12.08.2012
	Date of receipt of payment	16.08.2012

CASE 2	Date of Completion of Taxable Service	01.08.2012
	Date of Issue of Invoice	12.08.2012
	Date of receipt of payment	08.08.2012
CASE 3	Date of Completion of Taxable Service	01.08.2012
	Date of Issue of Invoice	12.08.2012
	Date of receipt of payment	09.08.2012(Part) & 17.08.2012 (remaining)
CASE 4	Date of Completion of Taxable Service	01.08.2012
	Date of Issue of Invoice	19.09.2012
	Date of receipt of payment	24.07.2012(Part) & 08.08.2012(Part) & 28.09.2012(remaining)
CASE 5	Date of Completion of Taxable Service	01.08.2012
	Date of Issue of Invoice	17.09.2012
	Date of receipt of payment	28.09.2012

Illustration 43

Determine last date for depositing Service Tax without any interest in each of the independent cases referred above assuming:

a. The service provider is a company.
b. The service provider is a partnership firm.

Illustration 44

Kaden & Associate is a Partnership firm of Chartered Accountant. It has provided services as per following details:

Nature of Services	Date of Completion of Service	Date of Issue of Invoice	Date of Receipt of Payment	Value of Taxable Service (Service tax charges extra)
Tax audit under section 44AB of Income tax	01-10-2012	20-10-2012	25-12-2012	₹ 2,00,000
Preparing reply to show cause notice	16-10-2012	18-10-2012	28-10-2012	₹ 1,00,000
Giving Legal Opinions on certain Service Tax matters	11-11-2012	11-11-2012	28-01-2013	₹ 50,000
Representing clients before Tribunal	20-11-2012	30-06-2012	28-11-2012	₹ 2,50,000
Legal Consultancy	26-11-2012	26-11-2012	26-11-2012	₹ 30,000

From the above details determine the following:

i. Point of Taxation

ii. Amount of Service Tax Payable

iii. Due date for making payment of Service Tax, without interest if service tax is paid by cheque.

Assume the aggregate value of taxable service provided in the previous financial year did not exceeds ₹ 50,00,000/-

Illustration 45

Sharman Ltd. is a organizer of business exhibition. It submits you the following information for the half year ended 30.09.2012.It has paid ₹ 16,50,000/- as service tax in the following year 2012-13.

16-06-2012	Service provided to an Exhibitor Harman Ltd. for holding business exhibition in India	5,61,800 (including service tax @12.36%)
20-06-2012	Invoice issued for the above	
05-07-2012	Amount received in connection with above	5,61,800
12-09-2012	Service provided to an Exhibitors Shweta Ltd. for holding a business exhibition in India.	6,74,160
18-10-2012	Bill raised for provided the above service	
20-10-2012	Amount received for service rendered to Shweta Ltd.	6,74,160 (including service tax @12.36%)

Compute:

i. Point of Taxation

ii. Due Date of Payment

iii. The amount of service tax payable

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MEGA EXEMPTION (Not Relevant for Exam):

Notification No. 25/2012-Service Tax

1. **Services provided to the United Nations or a specified international organization;**
2. Health care services by a clinical establishment, an authorised medical practitioner or para-medics;
3. Services by a veterinary clinic in relation to health care of animals or birds;
4. **Services by an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961) by way of charitable activities;**
5. Services by a person by way of-
   (a) renting of precincts of a religious place meant for general public; or
   (b) conduct of any religious ceremony;
6. **Services provided by-**
   (a) an arbitral tribunal to -
   (i) any person other than a business entity; or
   (ii) a business entity with a turnover up to ₹10 lakh in the preceding financial year;
   (b) an individual as an advocate or a partnership firm of advocates by way of legal services to,-
   (i) an advocate or partnership firm of advocates providing legal services ;
   (ii) any person other than a business entity; or
   (iii) a business entity with a turnover up to rupees ten lakh in the preceding financial year; or
   (c) a person represented on an arbitral tribunal to an arbitral tribunal;
7. Services by way of technical testing or analysis of newly developed drugs, including vaccines and herbal remedies, on human participants by a clinical research organization approved to conduct clinical trials by the Drug Controller General of India;
8. Services by way of training or coaching in recreational activities relating to arts, culture or sports;
9. Services provided to or by an educational institution in respect of education exempted from service tax, by way of,-
   (a) auxiliary educational services; or
   (b) renting of immovable property;
10. **Services provided to a recognised sports body by-**
   (a) an individual as a player, referee, umpire, coach or team manager for participation in a sporting event organized by a recognized sports body;
   (b) another recognised sports body;
11. **Services by way of sponsorship of sporting events organised,-**
   (a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state or zone;
   (b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;
   (c) by Central Civil Services Cultural and Sports Board;
   (d) as part of national games, by Indian Olympic Association; or
   (e) under Panchayat Yuva Kreeda Aur Khel Abhiyaan (PYKKA) Scheme;
12. **Services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of -**
   (a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;

(b) a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monuments and Archaeological Sites and Remains Act, 1958 (24 of 1958);

(c) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment;

(d) canal, dam or other irrigation works;

(e) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal; or

(f) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the *Explanation* 1 to clause 44 of section 65 B of the said Act;

13. Services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,-

(a) a road, bridge, tunnel, or terminal for road transportation for use by general public;

(b) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana;

(c) a building owned by an entity registered under section 12 AA of the Income tax Act, 1961(43 of 1961) and meant predominantly for religious use by general public;

(d) a pollution control or effluent treatment plant, except located as a part of a factory; or

a structure meant for funeral, burial or cremation of deceased;

14. Services by way of construction, erection, commissioning, or installation of original works pertaining to,-

(a) an airport, port or railways, including monorail or metro;

(b) a single residential unit otherwise than as a part of a residential complex;

(c) low- cost houses up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;

(d) post- harvest storage infrastructure for agricultural produce including a cold storages for such purposes; or

(e) mechanised food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages;

15. Temporary transfer or permitting the use or enjoyment of a copyright covered under clauses (a) or (b) of sub-section (1) of section 13 of the Indian Copyright Act, 1957 (14 of 1957), relating to original literary, dramatic, musical, artistic works or cinematograph films;

16. Services by a performing artist in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre, excluding services provided by such artist as a brand ambassador;

17. Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India;

18. Services by way of renting of a hotel, inn, guest house, club, campsite or other commercial places meant for residential or lodging purposes, having declared tariff of a unit of accommodation below rupees one thousand per day or equivalent;

19. Services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess, other than those having (i) the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year, and (ii) a license to serve alcoholic beverages;

20. Services by way of transportation by rail or a vessel from one place in India to another of the following goods -

(a) petroleum and petroleum products falling under Chapter heading 2710 and 2711 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986);
(b) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
(c) defense or military equipments;
(d) postal mail or mail bags;
(e) household effects;
(f) newspaper or magazines registered with the Registrar of Newspapers;
(g) railway equipments or materials;
(h) agricultural produce;
(i) foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages; or
(j) chemical fertilizer and oilcakes;

21. Services provided by a goods transport agency by way of transportation of -
(a) fruits, vegetables, eggs, milk, food grains or pulses in a goods carriage;
(b) goods where gross amount charged for the transportation of goods on a consignment transported in a single goods carriage does not exceed one thousand five hundred rupees; or
(c) goods, where gross amount charged for transportation of all such goods for a single consignee in the goods carriage does not exceed rupees seven hundred fifty;

22. Services by way of giving on hire -
(a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or
(b) to a goods transport agency, a means of transportation of goods;

23. Transport of passengers, with or without accompanied belongings, by -
(a) air, embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal;
(b) a contract carriage for the transportation of passengers, excluding tourism, conducted tour, charter or hire; or
(c) ropeway, cable car or aerial tramway;

24. Services by way of vehicle parking to general public excluding leasing of space to an entity for providing such parking facility;

25. Services provided to Government, a local authority or a governmental authority by way of -
(a) carrying out any activity in relation to any function ordinarily entrusted to a municipality in relation to water supply, public health, sanitation conservancy, solid waste management or slum improvement and upgradation; or
(b) repair or maintenance of a vessel or an aircraft;

26. **Services of general insurance business provided under following schemes -**
(a) Hut Insurance Scheme;
(b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme);
(c) Scheme for Insurance of Tribals;
(d) Janata Personal Accident Policy and Gramin Accident Policy;
(e) Group Personal Accident Policy for Self-Employed Women;
(f) Agricultural Pumpset and Failed Well Insurance;
(g) premia collected on export credit insurance;
(h) Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme, approved

by the Government of India and implemented by the Ministry of Agriculture;

(i) Jan Arogya Bima Policy;

(j) National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana);

(k) Pilot Scheme on Seed Crop Insurance;

(l) Central Sector Scheme on Cattle Insurance;

(m) Universal Health Insurance Scheme;

(n) Rashtriya Swasthya Bima Yojana; or

(o) Coconut Palm Insurance Scheme;

27. Services provided by an incubatee up to a total turnover of₹50 lakh in a financial year subject to the following conditions, namely:-

(a) the total turnover had not exceeded ₹50 lakh during the preceding financial year; and

(b) a period of three years has not been elapsed from the date of entering into an agreement as an incubatee;

28. **Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution -**

(a) as a trade union;

(b) for the provision of carrying out any activity which is exempt from the levy of service tax; or

(c) up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex;

29. Services by the following persons in respective capacities -

(a) sub-broker or an authorised person to a stock broker;

(b) authorised person to a member of a commodity exchange;

(c) mutual fund agent to a mutual fund or asset management company;

(d) distributor to a mutual fund or asset management company;

(e) selling or marketing agent of lottery tickets to a distributer or a selling agent;

(f) selling agent or a distributer of SIM cards or recharge coupon vouchers;

(g) business facilitator or a business correspondent to a banking company or an insurance company, in a rural area; or

(h) sub-contractor providing services by way of works contract to another contractor providing works contract services which are exempt;

30. Carrying out an intermediate production process as job work in relation to -

(a) agriculture, printing or textile processing;

(b) cut and polished diamonds and gemstones; or plain and studded jewellery of gold and other precious metals, falling under Chapter 71 of the Central Excise Tariff Act ,1985 (5 of 1986);

(c) any goods on which appropriate duty is payable by the principal manufacturer; or

(d) processes of electroplating, zinc plating, anodizing, heat treatment, powder coating, painting including spray painting or auto black, during the course of manufacture of parts of cycles or sewing machines upto an aggregate value of taxable service of the specified processes of ₹150 lakh in a financial year subject to the condition that such aggregate value had not exceeded ₹150 lakh rupees during the preceding financial year;

31. Services by an organizer to any person in respect of a business exhibition held outside India;

32. Services by way of making telephone calls from -

(a) departmentally run public telephone;

(b) guaranteed public telephone operating only for local calls; or

(c) free telephone at airport and hospital where no bills are being issued;

33. Services by way of slaughtering of animals;

34. Services received from a provider of service located in a non- taxable territory by -

(a) Government, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession;

(b) an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities; or

(c) a person located in a non-taxable territory;

35. Services of public libraries by way of lending of books, publications or any other knowledge- enhancing content or material;

36. Services by Employees' State Insurance Corporation to persons governed under the Employees' Insurance Act, 1948 (34 of 1948);

37. Services by way of transfer of a going concern, as a whole or an independent part thereof;

38. Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets;

39. Services by a governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution.