Legal Updates in Service Tax and VAT from 01.10.2012 to 30.04.2013 Applicable for November 2013 Exams

<table>
<tr><th>Section</th><th>Provision</th></tr>
<tr><th colspan="2">Service Tax – Basics and Levy</th></tr>
<tr><td>Transfer of Right to use</td><td>Issue: Whether the activity of erection of Pandal / Shamiana activity involves transfer of right to use such pandal / shamiana to the customer? Is it included in service?
Clarification:
Normally, the activity of erection of Pandal / Shamiana is coupled with other services like supply of Furniture, Sound System, Lighting etc.
Such activity prepares a place to hold a function or event. However, effective possession and control over such pandal or shamiana remains with the service provider, even if the specially made–up space for temporary use is handed over to the customer.
Hence, the activity of providing pandal and shamiana along with erection and other incidental activities do not amount to transfer of right to use goods. Hence, such activity is liable for service tax. [Circular No.168 / 3 / 2013 dt. 15.04.2013]</td></tr>
<tr><td>Service Tax on Remittances in Foreign Currency</td><td>It has been clarified that there is no Service Tax on the amount of foreign currency remitted to India from overseas. This is because, the Definition of the word “Service” excludes transactions merely in money.
In case any fee or conversion charges are levied for sending such money, they are also not liable to Service Tax as the person sending the money and the company providing the remittance service are located outside India.
Even the Indian counterpart bank or financial institution who charges the foreign bank or any other entity for the services provided at the receiving end, is not liable to Service Tax as the place of provision of such service shall be the location of the recipient of the service, i.e., outside India, in terms of the Place of Provision of Services Rules, 2012. [Trade Notice No. 48/ST/2012 dated 31.10.2012]</td></tr>
<tr><th colspan="2">Negative List and Exemptions</th></tr>
<tr><td>Renting of Property to Govt.</td><td>Service Tax is payable by landlords/property owners on rent received by them for buildings given on rent to such organizations like State Govt./Central Govt. Offices, even though the said organizations are non-commercial organizations. Reason: There are no exemptions specifically prescribed for such activities. [Trade Notice No. 47/ST/2012]</td></tr>
<tr><td>Restaurant Service</td><td>Services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess. If such establishment has the facility of air–conditioning or central air–heating in any part of the establishment, at any time during the year, then it is liable for service tax. Impact: Earlier, restaurants were taxable only when alcoholic beverages and AC / Heating facility was present. Now, any restaurant with AC / heating system is taxable [Notification No. 03/2013 dt.01.03.2013]</td></tr>
<tr><th colspan="2">Point of Taxation Rules 2011</th></tr>
<tr><td>Reminder Notices by LIC – Not issued of invoice</td><td>Reminder Notices / Letters are issued by the Insurance Companies to the Policy Holders to pay renewal premiums. Such reminder notices solicit further services and does not evidence any service. Service arises only if reminder notices are accepted by Policy Holder. Hence, such Reminder letters for insurance policies are not invoices and would not invite levy of service tax. [Circular No.166 / 1 / 2013 dt. 01.01.2013]</td></tr>
<tr><th colspan="2">Service Tax Procedures</th></tr>
<tr><td>Due date for Return Filing</td><td><table>
<tr><th>Period</th><th>Due Date</th><th>Notification / Order Reference</th></tr>
<tr><td>01.04.2012 to 30.06.2012</td><td>25th November, 2012</td><td>Notification No. 47/2012 ST and
Order No. 3/2012 dated 23.04.2013</td></tr>
<tr><td>01.07.2012 to 30.09.2012</td><td>30th April, 2013</td><td>Notification No.1/2013 dt. 22.02.2013 and Order 02/2013 dated 12.04.2013)</td></tr>
<tr><td>01.10.2012 to 31.03.2013</td><td>31st August, 2013</td><td>Order NO. 3/2013 ST Dated 23.04.2013</td></tr>
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Note: Normally the ST–3 returns, is filed on a Half-yearly basis. However, since the new regime of Taxation based on Negative List is applicable w.e.f 01.07.2012, a separate return for the period from 01.04.2012 to 30.06.2012 has been prescribed.</td></tr>
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