Excise Duty

Change in Excise Rate

Standard ad Valorem rate of Excise duty increased from 12% to 12.50% and Education Cess levied on excisable goods fully exempted w.e.f 01.03.2015.

Therefore,

Excise duty upto 28.02.2015	Excise duty on or after 01.03.2015
12.36% (Including Education Cess)	12.50% (Education cess exempted)

Changes in Registration procedure

W.e.f.01.03.2015, online registration is compulsory and it will be granted within 2 working days of the receipt of a duly completed application form without any verification of documents as well as premises. However, verification will be carried out after the grant of the registration.

Invoice authorised by digital Signature

Earlier, hard copy of the invoice should be signed by the manufacturer. Now w.e.f. 01.03.2015, Invoice may be authenticated/signed by means of digital signature.

In case of transportation of goods, manufacturer has to issue duplicate copy of Invoice to the transporter. However, if the duplicate copy invoice meant for transporter is digitally signed, then transporter should carry hard copy of the digitally signed invoice and it should be self-attested by the manufacturer.

Custom Duty

Change in Custom Rate

Rate of duty for Countervailing duty (CVD) in custom shall be rate of excise duty leviable on like article in India. In case of CVD, EC & SHEC were already exempt. Thus, the ultimate position remains same education cesses were not payable on CVD earlier and will also not be payable w.e.f. March 1, 2015 (after the change in Excise rate).

Effective rate of CVD upto 28.02.2015	Effective rate of CVD on or after 01.03.2015
12% (Including Education Cess)	12.50% (Education cess exempted)

However, EC & SHEC shall be leviable on Custom duty. Therefore, there will be no exemption of EC & SHEC on import of goods. In other words, effective rate of Custom duty= Basic Custom duty + EC &SHEC.

Service Tax

Charge of Service Tax
Section 66B

- There shall be levied a ***tax @ 14%*** *(Earlier Service tax was 12% + EC & SHEC of 3% of 12% i.e. effective rate of Service tax=12.36%)* on the value of all services (other than specified in negative list), "provided or agreed to be provided"in Taxable Territory.

(New rate applicable w.e.f. 01.06.2015)

Alternatively, 14 % may also be applied on the Value of Taxable Services.

(Note:Swach Bharat Cess was applicable w.e.f. 15.11.2015, however, for MAY 2016 examination, only circulars,notification issued upto 31/10/2015 shall be applicable. Therefore, We will ignore swatch bharat cess for the examination purpose)

Effective rate of Service upto 30.05.2015	Effective rate of Service tax on or after 01.06.2015
12.36% (Including Education Cess)	14% (Education cess exempted)

Meaning of service
Section 65B(44)

Service means:

(a) Any activity carried out by a person for another
(b) for consideration
(c) includes a declared service

but shall not include:

(i) Transfer of title in goods or immovable property by way of sale, gift or in any other manner
(ii) Deemed sale as per article 366 (29A) of the Constitution of India.
(iii) A transaction in money or actionable claim
(iv) Provision of service by an employee to the employer in course of employment by the employee to the employer.
(v) Fees taken in any Court or Tribunal established under any law for the time being in force. (i.e. fee charged by any court or tribunal)

Analysis of "transaction in money or actionable claim"

Examples of transaction in money or actionable claim:

(i) Conversion of ₹500 notes into 5 notes of ₹100 each without charging commission. If commission is charged on conversion of money then it will be taxable service.
(ii) Amount deposited or withdrawn from bank.
(iii) Giving loan to any other person.

However as per Explanation 2:

(a) If separate commission is charged on conversion of money then it will be taxable service.
(b) ***If any activity carried out for a consideration for facilitation of transaction in money or actionable claim, then it will be taxable service including:***
 (i) any activity carried on by lottery distributor or selling agent in relation to marketing, promotion, organizing or selling of lottery for consideration and
 (ii) any activity carried on by foreman of chit fund for organizing chit fund for consideration.

(New Amendment applicable w.ef. 01.06.2015)

Reason for amendment

Intention of the law maker is clear, what is excluded from the definition of service is only a transaction in money or actionable claim (like lottery) and not **any activity in relation to**, or for facilitation of a transaction in money or actionable claim. Therefore, explanation has been issued to clarify that if any lottery distributer or selling agent receives any amount for organising, promoting or selling of lottery then it shall be covered under service tax. In the same way activity of foreman of chit fund shall be covered under service tax.
(Relevant changes have been made in Negative list & reverse charge)

Negative List
Section 66D

(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~~ ***(Any Services),*** other than services covered under clauses (i) to (iii) above, provided to business entities; **(Applicable w.e.f. date yet to be notified)**

Support services means infrastructural, operational, administrative, logistic, marketing or any other support of any kind comprising functions that entities carry out in ordinary course of operations themselves, but may obtain as services by outsourcing from others for any reason whatsoever and shall include advertisement and promotion, construction or works contract, renting of immovable property, security, testing and analysis [Section 65B(49)].

Summary

Covered in Negative List	Not Covered in Negative List
Any service provided by govt. or local authority.	(i) Speed post, express parcel, life insurance services by Department of Posts. (ii) Services related to an aircraft or a vessel, inside or outside the area of a port or an airport (iii) Services as agents (Support Services)

Effect of the amendment: all services provided by the government or local authority to a business entity, except the services that are specifically exempted or covered by any another entry in the negative list would be liable to service tax. However, until date notified by the CG, old provision will continue.

(b) services by the Reserve Bank of India;

(c) services by a foreign diplomatic mission located in India;

(d) services relating to agriculture or agricultural produce by way of:-
- (i) agricultural operations directly related to production of any agricultural produce including cultivation, harvesting, threshing, plant protection or 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) services by way of carrying out any process amounting to manufacture or production of goods ***excluding alcoholic liquor for human consumption***;

(Amendment applicable w.e.f. 01.06.2015)

Summary

Covered in Negative List	Not Covered in Negative List
Any process amounting to manufacture of goods.	• If excise duty not payable. • Job work on alcoholic liquor for human consumption

Effect of amendment:
Consequently, service tax would be levied on contract manufacturing/job work for production of potable liquor for a consideration.

simultaneous amendment has also been made in Mega Exemption *Notification No. 25/2012 ST dated 20.06.2012* to withdraw exemption pertaining to intermediate production of alcoholic liquor for human consumption

(g) selling of space for **advertisements** in print media;

(h) service by way of access to a road or a bridge on payment of **toll charges**;

(i) **betting, gambling** or lottery;
Explanation – For the purpose of this clause, the expression 'betting, gambling or lottery' shall not include the activity specified in Explanation 2 to section 65B(44).

(New explanation added applicable w.e.f. 01.06.2015)

Summary

Covered in Negative List	Not Covered in Negative List
Betting, gambling or lottery as it is a state subject	Services for organization betting or gambling

~~(j) Admission to entertainment event or access to amusement facilities~~

(Now deleted applicable w.e.f. 01.06.2015)

Effect of amendment:
service tax would be leviable on admission to entertainment event or access to amusement facility. Thus, entry to amusement facility providing fun or recreation by means of rides, gaming devices or bowling alleys in amusement parks, amusement arcades, water parks and theme parks would be exigible to service tax.
However, simultaneous exemption has also been provided in respect of admission to certain specific events/programmes etc. by inserting a new entry in the Mega Exemption Notification.

(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) Service by way of renting of **residential dwelling** for use as resident.

(n) Services (i.e **Financial Service)** 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 airconditioned coach;
- (iii) metro, monorail or tramway;
- (iv) inland waterways;
- (v) public transport, other than predominantly for tourism purpose, in a vessel between places located in India; and
- (vi) metered cabs or auto rickshaws;

Stage carriage means a motor vehicle constructed or adapted to carry more than six passengers excluding the driver for hire or reward at separate fares paid by or for individual passengers, either for the whole journey or for stages of the journey [Section 65B(46)].

(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 up to the customs station of clearance in India; or
- (iii) by inland waterways;

(q) funeral, burial, crematorium or mortuary services including transportation of the deceased.

Definition of Government
Section 65B(2A)

Government means:
- ***the Departments of the Central Government,***
- ***a State Government and its Departments and***
- ***a Union territory and its Departments,***
- ***but shall not include any entity, whether created by a statute or otherwise, the accounts of which are not required to be kept in accordance with article 150 of the Constitution or the rules made thereunder".***

(applicable w.e.f. 14.05.2015)

Reason:
Services, excluding a few specified services, provided by the Government are included in the Negative List. Further, specified services received by the Government are also exempt. However, the term "government" had not been defined in the Act or under any notification. This gave rise to interpretational issues. To address such issues, w.e.f. 14.05.2015, a definition of the term "Government" has been incorporated in the Act vide clause (26A) under section 65B.

Valuation of Taxable Service

Valuation of taxable services
Section 67

Section 67 (1):

Situation	Value of Taxable Services
Consideration in Money	**Gross Amount Charged** by the service provider
Consideration in Kind	**Market Value** of such consideration shall be taxable. Consideration shall be deemed to be **inclusive of service tax.**
Consideration not ascertainable (Rule 3)	a) **Value of Similar Service**: Gross Amount Charged by the service provider to provide similar service to any other person in ordinary course of business, where price is the sole consideration. b) **Similar Service not available**: Ascertain the **Cost of Provision of Service using costing principles** and **allocation of overheads plus reasonable profit margin** i.e. Cost + Margin basis. Therefore, value shall not be less than cost of provision of such service.

Consideration includes–

(i) Any amount payable for the taxable services provided or to be provided;

(ii) Any reimbursable expenditure or cost incurred by the service provider and charged, in the course of providing taxable service, except certain specified circumstances.

(iii) Any amount retained by the lottery distributor or selling agent from gross sale amount of lottery ticket in addition to the fee or commission

or

discount received [face value of lottery ticket - price at which the distributor or selling agent gets such ticket]

(New addition applicable w.e.f. 14.05.2015)

Analysis

Example 1: A contracts with B, an architect for building a house. During the course of providing the taxable service, B incurs expenses such as telephone charges, air travel tickets, hotel accommodation, etc., to enable him to effectively perform the provision of services to A. In such a case, in whatever form B recovers such expenditure from A, whether as a separately itemised expense or as part of an inclusive overall fee, service tax is payable on the total amount charged by B. Value of the taxable service for charging service tax is what A pays to B.

Example 2: Mr. A , Chartered Accountant has charged ₹5,00,000 from his client out of this ₹1,00,000 towards Income tax deposited by him and he mentioned separately in the invoice. In this case Mr.A acted as a pure agent. Therefore, ₹1,00,000 should be excluded from the taxable value for charging service tax.

Therefore, all the reimbursable expenditure or cost incurred by the service provider and charged in the course of providing taxable service shall become the part of consideration except in the case of pure agent.

Exemptions

Mega Exemption Notification
Notification No.25/2012-ST, dated 20.06.2012

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 and ***Ambulance services provided by all service providers.***

(new addition, applicable w.e.f. 01.04.2015)

Meanings:

- **Health care services means** any service by way of diagnosis or treatment of various diseases including pregnancy in any **recognised system of medicines** (i.e. Allopathy, Yoga, Naturopathy, Ayurveda, Homeopathy, Unani or any other system recognised by CG) in India and **it includes** Ambulance service but **does not include** hair transplant or cosmetic or plastic surgery, except when undertaken to restore functions of body affected due to congenital defects, developmental abnormalities, injury or trauma.

- **Clinical establishment** means a hospital, nursing home, clinic, sanatorium or any other institution that offers health care services.

- **Para-medics** are trained health care professionals, for example nursing staff, physiotherapists, technicians, lab assistants etc.

Analysis of amendment
Earlier, entry 2 exempted ambulance service from service tax only when the said service was provided by a clinical establishment or an authorised medical practitioner or paramedics.
The scope of this exemption has now been widened to extend the said exemption to ambulance services provided by all service providers. Therefore, now the ambulance services provided by an entity which is not a clinical establishment or an authorised medical practitioner or paramedics would also be exempt from service tax.

2A. Services provided by cord **blood banks** by way of preservation of stem cells or any other service in relation to such preservation.

2B. Services provided by operators of the common **bio-medical waste treatment** facility to a clinical establishment by way of treatment or disposal of bio-medical waste or the processes incidental thereto.

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 by way of charitable activities.

Analysis

- **Charitable activities means activities related to**

(i) public health by way of :-
 (a) care or counseling of :
 (i) terminally ill persons or persons with severe physical or mental disability,
 (ii) persons afflicted with HIV or AIDS, or
 (iii) persons addicted to a dependence-forming substance such as narcotics drugs or alcohol; or
 (b) public awareness of preventive health, family planning or prevention of HIV infection;
(ii) advancement of religion or spirituality;
(iii) advancement of educational programmes or skill development relating to:-
 (a) abandoned, orphaned or homeless children;
 (b) physically or mentally abused and traumatized persons;
 (c) prisoners; or
 (d) persons over the age of 65 years residing in a rural area;
(iv) preservation of environment including watershed, forests and wildlife
(v) advancement of any other object of general public utility.

- Service tax shall be chargeable on any service other than by way of charitable activities to any other person for consideration (not covered in negative list) provided by an entity registered under section 12AA of the Income tax Act, 1961.

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.

5A. Services provided by a specified organisation in respect of a **religious pilgrimage** facilitated by the Ministry of External Affairs of the Government of India, under bilateral arrangement, are exempt from service tax.

Analysis

- Any service provided by specified organisation is exempt from tax.
- **Specified organisation means:**

(a) Kumaon Mandal Vikas Nigam Limited, a Government of Uttarakhand Undertaking; or
(b) Haj Committee of India and State Haj Committees constituted under the Haj Committee Act, 2002, for making arrangements for the pilgrimage of Muslims of India for Haj.

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 rupees ten 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 any person other than a business entity; or
  (ii) a business entity with a turnover up to rupees ten lakh in the preceding financial year; or
  (iii) a person represented on an arbitral tribunal to an arbitral tribunal;

Business entity is defined in section 65B of the Finance Act, 1994 as any person ordinarily carrying out any activity relating to industry, commerce or any other business or profession‛. Thus, it includes sole proprietors as well.

7. Omitted

8. Services by way of training or **coaching in recreational activities** relating to arts, culture or sports;
Example: Dance, music, painting, sculpture making, theatre, sports etc.

9. Services provided-
 (a) By an **educational institution** to its students, faculty and staff;
 (b) To an educational institution, by way of,-
  (i) transportation of students, faculty and staff;
  (ii) catering, including any mid-day meals scheme sponsored by the Government;
  (iii) security or cleaning or house-keeping services performed in such educational institution;
  (iv) services relating to admission to, or conduct of examination by, such institution.

Educational institution means an institution providing services specified in clause (l) of section 66D of the Finance Act, 1994.

9A. Services provided by:-
 (i) the National Skill Development Corporation **(NSDC)** set up by the Government of India;
 (ii) a Sector Skill Council (SSC) approved by the NSDC;
 (iii) an assessment agency approved by the SSC or the NSDC;
 (iv) a training partner approved by the NSDC or the SSC
 in relation to:-
 (a) the National Skill Development Programme implemented by the NSDC; or

(b) a vocational skill development course under the National Skill Certification and Monetary Reward Scheme; or
(c) any other Scheme implemented by the NSDC

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;

    Analysis:
    - Services by individual such such commentator, selector, curator or any other technical expert is taxable.
    - **Recognized sports body** means (i) Indian Olympic Association, (ii) Sports Authority of India (iii) A national sports federation (iv) National sports promotion organisations (v) International Olympic Association or a federation recognised by the International Olympic Association or any other notified organisations.

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. Not in syllabus
13. Not in syllabus
14. Not in syllabus
15. Not in syllabus

16. Services by a performing artist in folk or classical art forms of (i) music, or (ii) dance, or (iii) theatre ***if the consideration charged for such performance is not more than ₹1,00,000,*** provided that such exemption shall not apply to services provided by such artist as a brand ambassador;
    (Amendment applicable w.e.f. 01.04.2015)

    Analysis of amendment:
    - If any artist charges more than ₹1,00,000 for his performance in folk or classical art form of music, dance or theatre then the service shall be taxable. Earlier there was no monetary limit.
    - Services provided by an artist as brand ambassador will continue to remain taxable.

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;

Analysis

- "declared tariff" includes charges for all amenities provided in the unit of accommodation (given on rent for stay) like furniture, air-conditioner, refrigerators or any other amenities, but without excluding any discount offered on the published charges for such unit.
- Declared value is used for determining taxability of service. However, service tax shall be chargeable on actual amount charged from the customer i.e. declared tariff minus any discount offered. Thus if the declared tariff is ₹1100, but actual room rent charged is ₹800, tax will be required to be paid on ₹800.
- When the declared tariff is revised as per the tourist season, the liability to pay tax shall be only on the declared tariff for the accommodation where the published/printed tariff is above ₹1000. However, the revision in tariff should be made uniformly applicable to all customers and declared when such change takes place.

19. Services provided in relation to serving of food or beverages by a **restaurant**, eating joint or a mess, other than those having the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year.

19A. Services provided in relation to serving of food or beverages by a **canteen** maintained in a factory covered under the Factories Act,1948, having the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year.

20. Services by way of **transportation by rail or a vessel** from one place in India to another of the following goods:-
    (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
    (b) defence or military equipments;
    (c) newspaper or magazines registered with the Registrar of Newspapers;
    (d) railway equipments or materials;
    (e) agricultural produce;
    (f) ~~foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages.~~ ***Milk, salt and food grain including flours, pulses and rice***; *or*

    (amendment w.e.f. 01.04.2015)

    (g) chemical fertilizer, organic manure and oilcakes;
    (h) cotton

    "Agricultural produce" means any produce of agriculture on which either no further processing is done or such processing is done as is **usually done by a cultivator or producer** which does not alter its essential characteristics but makes it marketable for primary market

21. Services provided by a **goods transport agency** by way of transportation of :-
    (a) 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
    (b) 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;

(c) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
(d) defence or military equipments;
(e) newspaper or magazines registered with the Registrar of Newspapers;
(f) agricultural produce;
(g) ~~foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages.~~ ***Milk, salt and food grain including flours, pulses and rice****; or*

(amendment applicable w.e.f. 01.04.2015)

(h) chemical fertilizer, organic manure and oilcakes;
(i) cotton, gilled or bailed.

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) non air-conditioned contract carriage other than radio taxi, for the transportation of passengers, excluding tourism, conducted tour, charter or hire; or
    (c) ropeway, cable car or aerial tramway;

24. Omitted

25. **Services provided to Government**, a local authority or a governmental authority by way of –
    (a) Water supply, public health, sanitation conservancy, solid waste management or slum improvement and upgradation;

    (b) repair or maintenance of a vessel or an aircraft;

26. Services of **general insurance business** provided under following schemes –Hut Insurance Scheme,Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna , Group Personal Accident Policy for Self-Employed Women, ***Pradhan Mantri Surakshya Bima Yojna*** or other notified policy.

(New addition, applicable w.e.f. 30.04.2015)

Analysis of amendment
services of general insurance business provided under Pradhan Mantri Suraksha Bima Yojna shall be exempt.

26A. Services of **life insurance business** provided under following schemes are exempt from service tax-
    (a) Janashree Bima Yojana (JBY); or

(b) Aam Aadmi Bima Yojana (AABY)
(c) life micro-insurance product as approved by the Insurance Regulatory and Development Authority, having maximum amount of cover of ₹50,000
(d) Varishtha Pension Bima Yojna (applicable w.e.f 01.04.2015)
(e) Pradhan Mantri Jeevan Jyoti Bima Yojna (applicable w.e.f 30.04.2015)
(f) ***Pradhan Mantri Jan Dhan Yojna (applicable w.e.f 30.04.2015)***

(New addition)

26B. Services by way of collection of contribution under Atal Pension Yojna.
(New entry applicable w.e.f 30.04.2015)

27. Services provided by an **incubatee** up to a total turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:-
    (a) the total turnover had not exceeded fifty lakh rupees 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;

    Incubatee means an entrepreneur located within the premises of a Technology Business Incubator (TBI) or Science and Technology Entrepreneurship Park (STEP) recognized by the National Science and Technology Entrepreneurship Development Board (NSTEDB) of the Department of Science and Technology, Government of India and who has entered into an agreement with the TBI or the STEP to enable himself to develop and produce hi -tech and innovative products.

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 distributor 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;

(amendment applicable w.e.f. 01.04.2015)

Analysis of amendment:

Exemption has been withdrawn by omitting the clause (c),(d) & (e), now onwards these services shall be taxable and shall be payable under reverse charge mechanism.

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 ***excluding alcoholic liquor for human consumption*** on which appropriate duty is payable by the principal manufacturer; or

(amendment applicable w.e.f. 01.06.2015)

    (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 one hundred and fifty lakh rupees in a financial year subject to the condition that such aggregate value had not exceeded one hundred and fifty lakh rupees during the preceding financial year;

31. Services by an organiser 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 has been issued.**~~

(Exemption withdrawn w.e.f. 01.04.2015)

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.

40. Services by way of **loading, unloading, packing**, storage or warehousing of rice, cotton ginned or baled.

41. **Services received by RBI**, from outside India in relation to management of foreign exchange reserves.

42. Services provided by a tour operator to a foreign tourist in relation to a **tour wholly conducted outside India**.

43. ***Services by operator of Common Effluent Treatment Plant by way of treatment of effluent.***

(New Entry, applicable w.e.f. 01.04.2015)

44. ***Services by way of pre-conditioning, pre-cooling, ripening, waxing, retail packing, labelling of fruits and vegetables, which do not change or alter the essential characteristics of the said fruits or vegetables.***

(New Entry, applicable w.e.f. 01.04.2015)

45. ***Services by way of admission to a museum, zoo, national park, wild life sanctuary and a tiger reserve are exempt from service tax.***

(New Entry, applicable w.e.f. 01.04.2015)

46. ***Service provided by way of exhibition of movie by an exhibitor (theatre owner) to the distributor or an association of persons consisting of the exhibitor as one of its member.***

(New Entry, applicable w.e.f. 01.04.2015)

47. ***Services by way of right to admission to-***
    (i) exhibition of cinematographic film, circus, dance, or theatrical performance including drama or ballet;
    (ii) recognized sporting event;
    (iii) award function, concert, pageant, musical performance or any sporting event other than a recognised sporting event, where the consideration for admission is not more than ₹500 per person.

(New Entry, applicable w.e.f. 01.04.2015)

Clause (zab) has been inserted in the notification to define a recognised sporting event to mean any sporting event-
(a) organised by a recognised sports body where the participating team or individual represent any district, state, zone or country;
(b) covered under entry 11.

Abatement
Notification No.26/2012-ST dated 20.06.2012

S. No.	Description of taxable service	Abate -ment (%)	Taxa- ble (%)	Conditions
1	Services in relation to financial leasing including hire purchase	90	10	Nil.
2	Transport of goods by rail	70	30	~~Nil.~~ ***CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.*** ***(Condition introduced applicable w.e.f. 01.04.2015)***
3	Transport of passengers, with or without accompanied belongings by rail	70	30	~~Nil.~~ ***CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.*** ***(Condition introduced applicable w.e.f. 01.04.2015)***
4	Bundled service by way of 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	70	(i) CENVAT credit on any goods classifiable under Chapters 1 to 22 of the Central Excise Tariff Act, 1985 (5 of 1986) used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
5	Transport of passengers by air, with or without accompanied belongings • Economy class • Other than economy class **(earlier, no distinction between economy and other class and uniform abatement of 60% allowed, Now 20% abatement reduced in case of other than economy class)** **(Applicable w.e.f 01.04.2015)**	~~60~~ **60** **40**	~~40~~ **40** **60**	CENVAT credit on inputs and capital goods, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
6	Renting of hotels, inns, guest houses, clubs, campsites or other	40	60	Same as above.

	commercial places meant for residential or lodging purposes.			
7	Services of goods transport agency in relation to transportation of goods by road. **(Amendment applicable w.e.f. 01.04.2015)**	~~75~~ **70 new**	~~25~~ **30 new**	CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
~~8.~~	~~Service provided in relation to Chit~~ ***(Deleted w.e.f.01.04.2015, now onwards no abatement in case of service provided in relation to chit. Therefore, service tax would be paid by the chit fund foremen on the full consideration received by way of fee, commission or any such amount. However, he would be entitled to take CENVAT credit)***	~~30~~	~~70~~	~~CENVAT credit on inputs and capital goods, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004~~
9	Renting of any motor vehicle designed to carry passengers (i.e. renting of motorcab)	60	40	(i) CENVAT credit on inputs and capital goods, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004; (ii) CENVAT credit on input service of renting of motorcab has been taken under the provisions of the CENVAT Credit Rules, 2004, in the following manner: (a) Full CENVAT credit of such input service received from a person who is paying service tax on 40% of the value; or (b) Up to 40% CENVAT credit of such input service received from a person who is paying service tax on full value; (iii) CENVAT credit on input services other than those specified in (ii) above, has not been taken under the provisions of the CENVAT Credit Rules, 2004
9A	Transport of passengers, with or without accompanied belongings, by a. a contract carriage other than motor cab b. a radio taxi	60	40	CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004.
10	Transport of goods in a vessel **(Amendment applicable w.e.f. 01.04.2015)**	~~60~~ **70 new**	~~40~~ **30 New**	Same as above.
11	Services by a tour operator in relation to,-	75	25	(i) CENVAT credit on inputs, capital goods and input services, used for providing the taxable

	(i) a package tour			service, has not been taken under the provisions of the CENVAT Credit Rules, 2004. (ii) The bill issued for this purpose indicates that it is inclusive of charges for such a 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	90	10	(i) CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004. (ii) The invoice, bill or challan issued indicates that it is towards the charges for such accommodation. (iii) This exemption shall not apply in such cases where the invoice, bill or challan issued by the tour operator, in relation to a tour, only includes the service charges for arranging or booking accommodation for any person and does not include the cost of such accommodation.
	(iii) any services other than specified at (i) and (ii) above.	60	40	(i) CENVAT credit on inputs, capital goods and input services, used for providing the taxable service, has not been taken under the provisions of the CENVAT Credit Rules, 2004. (ii)The bill issued indicates that the amount charged in the bill is the gross amount charged for such a tour.
12.	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 (a) for residential unit having:- i. the carpat area of the unit is less than 2000 square feet or ii. the amount charged for the unit is less than 1 crore. (b) For other than the (a) above	75 70	25 30	(i) CENVAT credit on inputs used for providing the taxable service has not been taken under the provisions of the CENVAT Credit Rules, 2004. (ii)The value of land is included in the amount charged from the service receiver.

Reverse Charge Mechanism
(ST payable by Service receiver)
Section 68(2) and Rule 2(1)(d) of Service Tax Rules,1994

A. SERVICES WHERE ENTIRE SERVICE TAX IS PAYABLE BY THE SERVICE RECEIVER:-

1. **Insurance agent services:** The taxable services provided or agreed to be provided by an insurance agent to any person carrying on the insurance business;

2. **Goods transport agency services:** The taxable services provided or agreed to be provided by a goods transport agency in respect of transportation of goods by road, where the person liable to pay freight is:-
   (a) any factory registered under or governed by the Factories Act, 1948.
   (b) any society registered under the Societies Registration Act, 1860 or under any other law for the time being in force in any part of India.
   (c) any co-operative society established by or under any law.
   (d) any dealer of excisable goods, who is registered under the Central Excise Act, 1944 or the rules made thereunder.
   (e) any body corporate established, by or under any law, or
   (f) any partnership firm whether registered or not under any law including association of persons.

   Provided the person liable to pay freight is located in taxable territory

3. **Sponsorship services:** The taxable services provided or agreed to be provided by way of sponsorship to any body corporate or partnership firm located in the taxable territory.

4. **Legal services:** The taxable services provided or agreed to be provided to any business entity located in the taxable territory by,-
   (a) an arbitral tribunal, or
   (b) an individual advocate or a firm of advocates

   by way of legal services.

   However as per Mega Exemption notification, Services provided to a business entity by an arbitral tribunal or by an individual advocate or a firm of advocates by way of legal services are exempt from service tax if the turnover of such business entity in the preceding financial year is upto ` 10 lakh.

5. **Services by Government:** The taxable services provided or agreed to be provided to any business entity located in the taxable territory by Government or local authority by way of ~~support services~~ **(Any Service)** excluding services specified in sub-clauses (i), (ii) and (iii) of clause (a) of section 66D of the Finance Act,1994.

   (to be effective from the date to be notified)

6. **Renting of a motor vehicle:** The taxable services provided or agreed to be provided by way of renting of a motor vehicle designed to carry passengers on abated value to any person who is not engaged in the similar line of business by any individual/HUF/partnership firm (whether registered or not) including association of persons, located in the taxable territory to a business entity registered as body corporate, located in the taxable territory.

7. **Services provided by a person located in non-taxable territory:** The taxable services provided or agreed to be provided by any person which is located in a non-taxable territory and received by any person located in the taxable territory.

8. **Director's services:** The taxable services provided or agreed to be provided by a director of a company or a body corporate to the said company or the body corporate.

9. **Recovery agent's services:** The taxable services provided or agreed to be provided by a recovery agent to a banking company or a financial institution or a non-banking financial company.

10. ***Supply of manpower services:*** ***The taxable services provided or agreed to be provided by way of supply of manpower for any purpose by any individual/HUF/partnership firm (whether registered or not) including association of persons, located in the taxable territory to a business entity registered as body corporate, located in the taxable territory.***

Amendment:

Supply of manpower service when provided by an individual, HUF, or partnership firm to a body corporate will be taxable under full reverse, earlier it was taxed under partial reverse charge mechanism.

(Applicable w.e.f. 01.04.2015)

11. ***Security services:*** ***The taxable services provided or agreed to be provided by way of security services by any individual/HUF/partnership firm (whether registered or not) including association of persons, located in the taxable territory to a business entity registered as body corporate, located in the taxable territory.***

    Amendment:

    Supply of security service when provided by an individual, HUF, or partnership firm to a body corporate will be taxable under full reverse, earlier it was taxed under partial reverse charge mechanism.

    (Applicable w.e.f. 01.04.2015)

12. ***Mutual fund agent/distributor's services:*** ***The taxable services provided or agreed to be provided by a mutual fund agent or distributor, to a mutual fund or asset management company.***

    (Amendment applicable w.e.f. 01.03.2015)

13. ***Lottery selling or marketing agent's services:*** ***The taxable services provided or agreed to be provided by a selling or marketing agent of lottery tickets to a lottery distributor or selling agent.***

    (Amendment applicable w.e.f. 01.03.2015)

14. ***Services provided under aggregator model:*** ***The taxable services provided or agreed to be provided by a person involving an aggregator in any manner.***
    Aggregator means:
    - ***A person ,***
    - ***who owns and manages a web based software application***
    - ***and by means of the application and communication device,***
    - ***enables a potential customer to connect with persons providing service of a particular kind***
    - ***under the brand name or trade name of the aggregator.***

    Therefore, companies which act as aggregator for service providers like travel portals, food portals or cab services will now be liable to pay service tax.

    As per rule 2 (1)(d)

    - ***If the aggregator is located in India- Person liable to pay tax is the aggregator.***
    - ***If the aggregator does not have physical presence in the taxable territory- Person liable to pay tax is the person representing the aggregator***
    - ***If the aggregator has neither the physical presence nor any representative in the taxable territory- it will have to appoint a person in the taxable territory for the purpose of paying service tax and such person will be the person liable for paying service tax.***

    (Amendment applicable w.e.f. 01.03.2015)

Example:

Mr. X, a Delhi resident, submits a cab request to Speed Cabs for travelling from Delhi to Gurgaon. Speed Cabs is a mobile application owned and managed by Speed Technologies Ltd. located in India. The application facilitates a potential customer to connect with persons providing cab service under the brand name of Speed Cabs. After Mr. X pays the cab charges using his debit card, he gets details of the driver, Mr. Y and the cab's registration number. With reference to the Service Tax Rules, 1994, discuss who is liable to pay service tax in this case. Will your answer be different, if Speed Technologies Ltd. is located in New York and does not have a representative in India?

Answer

With effect from 01.03.2015, aggregators have also been brought within the service tax net by amending the Service Tax Rules, 1994. Aggregator means a person, who owns and manages a web based software application, and by means of the application and a communication device, enables a potential customer to connect with persons providing service of a particular kind under the brand name or trade name of the aggregator. In relation to service provided by a person involving an aggregator in any manner, the aggregator of the service is the person liable for paying service tax. Since in the given case, Speed Technologies Ltd. fulfills all the conditions of being an aggregator, it will be liable to pay service tax under reverse charge.

However, where the aggregator neither has a physical presence nor does it have a representative for any purpose in the taxable territory, it will have to appoint a person in the taxable territory for the purpose of paying service tax and such person will be the person liable for paying service tax. Therefore, Speed Technologies Ltd. will have to appoint a person in India for the purpose of paying service tax if Speed Technologies Ltd. is located in New York and does not have a representative in India.

B. SERVICES WHERE SERVICE TAX IS PARTIALLY PAYABLE BY THE SERVICE PROVIDER AND PARTIALLY BY THE SERVICE RECEIVER

S.No.	Service provided by any individual/ HUF/ partnership firm (whether registered or not) including association of persons, located in taxable territory to a business entity registered as body corporate, located in the taxable territory	% payable by the service provider	% payable by the service receiver
1.	Renting of a motor vehicle designed to carry passengers on non- abated value to any person who is not engaged in the similar line of business.	50%	50%
~~2.~~	~~Supply of Manpower service~~	~~25%~~	~~75%~~
~~3.~~	~~Security Service~~	~~25%~~	~~75%~~

(Deleted w.e.f. 01.04.2015)

Example:

Briefly answer the following questions:-

1. Armaan travelled by air in business class on 15.04.2015, by Origin Airlines. He booked the ticket on the same day. The airfare charges (value on which service tax was payable) was ₹1,00,000. Determine the amount of service tax payable on the service received by Armaan assuming that:
   (a) Origin Airlines opted for abatement under *Notification No. 26/2012 ST dated 20.06.2012* and did not avail CENVAT credit on inputs and capital goods used for providing such service,
   (b) Rate of service tax is 12% and education cess is 3%, and
   (c) Origin Airlines is not eligible for small service provider's exemption under *Notification No. 33/2012 ST dated 20.06.2012.*

2. Raghav, a mutual fund agent, provided services to ABC Asset Management Company Ltd. on 20.04.2015. Raghav is of the view that services provided by him are exempted as per the Mega Exemption *Notification No. 25/2012 ST dated 20.06.2012.*

Examine whether Raghav's view is correct and if not, discuss the correct legal position in the given case.

Answer:

(1) With effect from 01.04.2015, abatement for classes other than economy has been reduced from 60% to 40%. Therefore, service tax will be payable on 60% of the value of airfare charges in such higher classes. Hence, in the given case, service tax will be payable on 60% of the value of airfare charges paid by Armaan on 15.04.2015 in the following manner: Service tax = (₹1,00,000 × 60%) × 12.36% = ₹7,416.

(2) No, Raghav's view is not correct. With effect from 01.04.2015, exemption with respect to the services provided by a mutual fund agent to an asset management company has been withdrawn. Consequently, services provided by Raghav to ABC Asset Management Company Ltd. are liable to service tax. Further, in relation to service provided by a mutual fund agent to an asset management company, the recipient of the service would be the person liable for paying service tax. Therefore, in the given case, ABC Asset Management Company Ltd. is liable to pay service tax on the services provided to it by Raghav.

<u>Summary of Reverse charge Mechanism along with amendment</u>

Description of a service	**Taxable Value**	**Service provider**	**Service receiver**	**Percentage of service tax payable by the person providing service**	**Percentage of service tax payable by the person receiving the service**
Insurance agent services	100%	Insurance agent	Business man carrying on insurance business	Nil	100
Services of Transportation of Goods by Road	30%	Goods Transport Agency	Consignor or Consignee is specified person	Nil	100
Sponsorship Services	100%	Any person	Body corporate or partnership firm	Nil	100
Legal Services	100%	Arbitral tribunal	Business entity	Nil	100
Legal services	100%	Individual advocate	Business entity	Nil	100
Any services by government	100%	Government	Business entity	Nil	100

(a)Services of Rent a cab on abated value to any person who is not engaged in the similar line of business,	40%	Individual/HUF/ Proprietary or partnership firm/AOP	Company under Companies Act, 1956	Nil	100
(b)Services of Rent a cab on non-abated value to any person who is not engaged in the similar line of business.	100%			50	50
Service provided by a person located in Non-taxable territory	100%	Any person	Any person	Nil	100
Director's service	100%	Director of a company	Company under Companies Act, 1956	Nil	100
Recovery Agent Service	100%	Any person	Banking Company or Financial Institution or NBFC	Nil	100
Manpower supply service or Security Services	100%	Individual/HUF/ Proprietary or partnership firm/AOP	Company under Companies Act, 1956	Nil	100
Mutual Fund Agent or distributors service	100%	Any Person	Mutual Fund Company	Nil	100
Lottery Selling or marketing Agent's service	100%	Any person	Any person being lottery Distributor or selling agent	Nil	100

Service tax procedures

Registration
Section 69+ Rule 4 of Service Tax Rules, 1994

1. **Who is required to get registered?**
   Every person liable to pay service tax is required to register himself by making an application (Form ST-1) to the Superintendent of Central Excise.

2. **Time Limit**
   Within 30 days from the date when aggregate value of taxable services exceeds Rs 9 Lakhs.

3. **In case of assessee providing services from more than on premises/offices**

   (i) Centralised Registration
   - Where a person, liable for paying service tax provides services from more than one premises or offices and has **centralised billing system or centralised accounting system** and such centralised billing or centralised accounting systems are located in one or more premises, he may, at his option, register such premises or offices from where centralised billing or centralised accounting systems are located.
   - Registration shall be granted by the Commissioner of Central Excise in whose jurisdiction the premises/office of centralised billing system or centralised accounting system is done, is located.

   (ii) Separate Registration
   If the assessee does not have any centralized billing systems or centralized accounting systems, shall make separate applications for registration in respect of each of such premises or offices to the jurisdictional Superintendent of Central Excise.

4. **In case assesse providing more than one taxable services**
   The assessee may make a single application mentioning therein all the taxable services provided by him

5. **Grant of Registration Certificate**
   The Superintendent of Central Excise shall
   - after due verification of the application form (Form ST-1)
   - grant a certificate of registration in Form ST-2 within 7 days from the date of receipt of the application.
   - If the registration certificate is not granted within the said period, the registration applied for shall be deemed to have been granted.

6. **In case of transfer of business**
   When a registered assessee transfers his business to another person, the transferee shall obtain a fresh certificate of registration within 30 days from the date of transfer.

7. **Intimation of change in any information or details**
   If there is change in any information or details furnished by an assessee at the time of obtaining registration or any additional information intended to be furnished should be intimated in **Form ST-1** to the AC/DC.
   Such intimation should be made within a period of 30 days of such change.

8. **Surrender of registration certificate:**
   - Every registered assessee who ceases to provide taxable service shall surrender his registration certificate immediately to the Superintendent of Central Excise

- On receipt of the certificate the Superintendent of Central Excise shall ensure that the assessee has paid all monies due to the Central Government and thereupon cancel the registration certificate.

9. ***Online Registration:***
   Online registration in ST-1 is compulsory for all asseeessee.

10. ***Simplified procedure for registration of single premises***
    Order No. 1/15 ST dated 28.02.2015, effective from 01.03.2015 has been issued, prescribing documentation, time limits and procedure for registration of single premises. It has been prescribed vide the said order that with effect from 01.03.2015, registration for single premises will be granted online within two days of filing the application.

    General procedure
    1. ***Applicants seeking registration for single premises shall file an online application for registration on ACES website in Form ST-1.***

    2. ***Following details are to be mandatorily furnished in the application form:***
       (a) PAN of the proprietor or the legal entity being registered
       (b) E-mail and mobile number

    3. ***Registration would be granted online within 2 days of filing the complete application form. On grant of registration, the applicant would be enabled to electronically pay service tax.***

    4. ***Registration Certificate downloaded from the ACES website would be accepted as proof of registration and there would be no need for a signed copy.***

    Documentation required
    A self-attested copy of the following documents will have to be submitted by registered post/ speed post to the concerned Division, within 7 days of filing the Form ST-1 online, for the purposes of verification:

    i) Copy of the PAN Card of the proprietor or the legal entity registered
    ii) Photograph and proof of identity of the person filling the application
    iii) Proof of ownership, lease or rent agreement.
    iv) No Objection Certificate from the legal owner
    v) Details of the main Bank Account
    vi) Memorandum/Articles of Association/List of Directors
    vii) Authorisation by the Board of Directors/Partners/Proprietor for the person filing the application
    viii) State Sales Tax Number (VAT), Central Sales Tax Number, Company Index Number (CIN) which have been issued prior to the filing of the service tax registration application.

    Verification of premises, if there arises any need for the same, will have to be authorised by an officer not below the rank of Additional/Joint Commissioner.

    Revocation of registration certificate
    The registration certificate may be revoked by the Deputy/Assistant Commissioner in any of the following situations, after giving the assessee an opportunity to represent against the proposed revocation and taking into consideration the reply received, if any:

    (i) the premises are found to be non-existent or not in possession of the assessee.

(ii) ***no documents are received within 15 days of the date of filing the registration application.***
(iii) ***the documents are found to be incomplete or incorrect in any respect.***

(Amendment effective w.e.f. 01.03.2015)

11. Service Tax Code:

- STC is a 15 digit alphanumeric code obtained by Service Provider from Jurisdictional Superintendent of Central Excise by making an application in Form ST-1.
- It is allotted by the system and printed on the registration certificate. It is also called registration number or assesse code.
- Fist 10 digits are 10 characters of PAN, next two digits are 'SD' (earlier it was 'ST') and Last 3 digits are numeric code like 001,002,003 etc.
- It helps in track or identify the assessee and also helps in online processing of the information in relation to the assessee.

Authentication by Digital Signature
Rule 4C of Service Tax Rules, 1994

Any invoice, bill or challan issued under rule 4A or consignment note issued under rule 4B may be authenticated by means of a digital signature.

(Amendment effective w.e.f. 01.03.2015)

Compounding Schemes in Service Tax

Special Provision for payment of Service Tax: Following service provider has the option to pay service tax as per compounding rate or special rate instead of service tax @ ~~12.36 (~~**14.5%)**

Payment of Service tax by an air travel agent
Rule 6(7) of Service Tax Rules, 1994

Option-1 – Pay service tax @ ~~12.36%~~ **(14%)** on commission or other charges received from the airlines.

Option-2 : pay service tax at the following rates:-

Cases	Rate of service tax (Old)	***Rate of service tax (New)***
In case of domestic booking	0.6% of basic fare	***0.7% of basic fare***
In case of International booking	1.2% of basic fare	***1.4% of basic fare***

- **"Basic fare"** means that part of the air fare on which commission is normally paid to the air travel agent by the airline.

- The option once exercised, shall apply on all the bookings of travel by air made by him and shall not be changed during a financial year under any circumstances. It can be changed in beginning of the next year.

(Applicable w.e.f. 01.06.2015)

Payment of Service tax by the life Insurer Rule 6(7A) of Service Tax Rules, 1994

Case-I : Where the entire premium paid by policy holder is towards risk cover in life insurance- Service tax shall be charged @ ~~12.36%~~ (14%) on the entire premium amount

Case-II: Where the gross premium paid is inclusive of investment amount and policy holder has been intimated such amount at the time of providing service-

Service tax shall be charged @ ~~12.36%~~ (14%) on:

	Gross amount charged	XXX
Less:	amount allocated for investment/saving on behalf of the customer and such amount is intimated to the customer at the time of providing service	XXX

Case-III: Where the gross premium paid is inclusive of investment amount and policy holder has not been intimated such amount at the time of providing service-

Year	Rate of service tax (Old)	**Rate of service tax (New)**
First year	3% of gross amount premium charged	**3.5% of gross amount premium charged**
Subsequent year	1.5% of the gross premium charged	**1.75% of the gross premium charged**

Payment of Service tax by money changer Rule 6(7B) of Service Tax Rules, 1994

Option-1: Calculate the value of taxable service as per rule 2B of Service tax (Determination of Value) Rules 2006 and pay service tax @ ~~12.36%~~ **(14%)** on the value of taxable service.

Option-2: Person liable to pay service tax in relation to purchase or sale of foreign currency, including money changing, has an option to pay an amount at the following rates:-

Amount of currency exchanged	**Rate of service tax (Old)**	***Rate of service tax (New)***
Upto ₹100,000	0.12% of the gross amount of currency exchanged or ₹30 whichever is higher	***0.14% of the gross amount of currency exchanged or ₹35 whichever is higher***
Exceeding ₹1,00,000 and upto ₹10,00,000	₹ 120 + 0.06% of the (gross amount of currency exchanged-₹1,00,000)	***₹140 + 0.07% of the (gross amount of currency Exchanged -₹1,00,000)***

Exceeding ₹10,00,000	₹660 + 0.012% of the (gross amount of currency exchanged-₹10,00,000) or ₹ 6,000 whichever is lower	***₹770 + 0.07% of the (gross amount of currency exchanged-₹ 10,00,000) Or ₹ 7,000 whichever is lower***

(Applicable w.e.f. 01.06.2015)

Payment of Service tax by the distributor or selling agent Rule 6(7C) of Service Tax Rules, 1994

Option -1: Pay service tax @ ~~12.36%~~ **(14%)** on the value of taxable services from promotion, marketing or organising/assisting in organising lottery.

Option-2: pay service tax at the following rates:-

Situation	Rate of service tax (Old)	Rate of service tax (New)
Where the guaranteed lottery prize payout is more than 80%	₹7000/- on every ₹10 Lakh (or part of ₹10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw.	**₹8200/- on every ₹10 Lakh (or part of ₹10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw.**
Where the guaranteed lottery prize payout is less than 80%	₹11,000/- on every ₹10 Lakh (or part of ₹10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw.	**₹12,800/- on every ₹ 10 Lakh (or part of ₹10 Lakh) of aggregate face value of lottery tickets printed by the organising State for a draw.**

- In case of online lottery, the aggregate face value of lottery tickets will be the aggregate value of tickets sold.
- The option once exercised, shall not be withdrawn during the remaining part of the financial year.
- The distributor/selling agent will have to exercise such option within a period of one month of the beginning of each financial year. The new service provider can exercise such option within one month of providing the service.

CENVAT Credit Rules 2004

Restriction on utilisation
Rule 3(7)(b)

CENVAT credit in respect of:-

1) National calamity Contingent Duty (NCCD)
2) Education cess on excisable goods or taxable services
3) Secondary and higher education cess on excisable goods or taxable services
4) Additional duty leviable under section 3(1) of the Customs Tariff Act (CVD), equivalent to the duty of excise and
5) Additional duty of excise leviable on pan masala and tobacco products under the Finance Act, 2005

Shall be utilised for the payment of same duty.

However, pursuant to the exemption granted to EC and SHEC leviable on all excisable goods (with effect from 01.03.2015), a manufacturer has been allowed to utilise the following credits of EC and SHEC for the payment of basic excise duty:

(a) ***credit of EC and SHEC paid on inputs or capital goods received in the factory of manufacture of final product on/after the 1st day of March, 2015.***
(b) ***credit of balance 50% EC and SHEC paid on capital goods received in the factory of manufacture of final product in the financial year 2014-15.***
(c) ***credit of EC and SHEC paid on input services received by the manufacturer of final product on or after the 1st day of March, 2015.***

(Amended vide notification No.6/2015 dated 01.03.2015)

Credit of CVD u/s 3(5) of custom tariff Act (equivalent to VAT) cannot be utilised for payment of service tax.

Conditions for allowing CENVAT Credit
Rule 4

Rule 4(1)- Credit on Inputs

- the manufacturer/output service provider can take the credit immediately as soon as the inputs are received
  - in the factory of the manufacturer
  - premises of output service provider
  - ***premises of job worker, in case goods are sent directly to the job worker on the direction of the manufacturer or the provider of output service, as the case may be .***

(Amendment applicable w.e.f. 01.03.2015)

- without waiting till the inputs are actually utilized in the manufacture and
- even if the payment for the inputs to the supplier is pending.

However, in case, where jewellery or precious metals are manufactured on job work basis, the CENVAT credit of duty paid on inputs may be taken immediately on receipt of such inputs in the registered premises of the principal manufacturer subject to the condition that such inputs are used in the manufacture of articles of jewellery by the job worker.

In case of Output service provider, credit can be availed even if the inputs are not received in the registered premises but are delivered at some other place (like- premises of service receiver); if documentary evidence of delivery and location of such inputs is maintained.

Time Limit: **Credit to be availed within ~~6 Month~~ (*one year)* of the date of invoice, therefore after one year credit shall not be allowed.**

(Amendment applicable w.e.f. 01.03.2015)

Rule 4(2)- Credit on Capital goods

- the manufacturer/output service provider can take the credit of capital goods are received
  - in the factory of the manufacturer
  - premises of output service provider
  - Outside the factory of the manufacturer of the final products for generation of electricity for captive use within the factory at any point of time in a given financial year
  - ***premises of job worker, in case goods are sent directly to the job worker on the direction of the manufacturer or the provider of output service, as the case may be .***

(Amendment applicable w.e.f. 01.03.2015)

- In the following manner:
  - Upto 50% in the same financial year
  - Balance 50 % in any of the subsequent financial year provided the capital goods is still in the possession of manufacturer or output service provider.
  - However, it is not mandatory to avail 50% in the same financial year, Therefore, even 25% credit can be taken in the first year and the balance (75% in this case) can be taken in the subsequent financial years. Similarly, assessee can take full credit in the second year, if he does not take any CENVAT credit in the first year.

condition regarding possession of the capital goods in the second year is not applicable for the following components: (because difficult to identify and locate them to prove their possession):

- components, spares and accessories,
- refractories and refractory materials,
- moulds and dies
- goods falling under heading no. 6804 & 6805

Cases where 100% credit on capital goods is allowed in the year of receipt:

(1) **Where receipt of capital goods by SSI-** this relaxation is available to a unit who is **eligible** to claim SSI exemption regardless of whether the unit actually claims it or opts to pay duty.
(2) Where capital goods **cleared as such** in the year of acquisition
(3) Credit of **CVD 3(5)** shall be allowed immediately on receipt of the capital goods in the factory of a manufacturer.

Other Points

1. In case of Output service provider, credit can be availed even if the inputs are not received in the registered premises but are delivered at some other place (like- premises of service receiver); if documentary evidence of delivery and location of such inputs is maintained.
2. Mode of acquisition of capital goods is immaterial. Credit can be availed, even if the capital goods are acquired on lease, hire purchase or loan agreement, from the financing company **[Rule 4(3)]**
3. If depreciation is claimed u/s 32 of the Income tax Act **on the amount of duty** on capital goods, then credit in respect of such capital goods shall not be allowed. **[Rule 4(4)]**

Rule 4(7)- Credit on Input Services

Credit allowed on Invoice basis: CENVAT credit in respect of input service shall be allowed, on or after the day on which the invoice, bill or challan, as he case may be, received.
However, in case of service tax paid by service receiver under reverse charge (partial as well as full), credit shall be allowed after the deposit of service tax.

Payment within 3 months: If the amount of invoice is not paid within 3 months, then credit allowed on invoice basis shall be reversed. If the amount is however paid subsequently, then credit can again be availed.

Proportionate reversal of credit: If any payment made towards an input service is refunded or a credit note is received by the manufacturer or the service provider who has taken credit on such input service, he shall pay an amount equal to the CENVAT credit availed in respect of the amount so refunded or credited.

Time Limit: Credit to be availed within ~~6 months~~ (*one year)* of the date of invoice, therefore after one credit shall not be allowed.

(Amendment applicable w.e.f. 01.03.2015)

Note: The limitation period applies only when the credit is taken for the first time, in case of re-credit after reversal, the limitation period shall not apply.
(Circular No.990/14/2014 dated 19.11.2014)

Cenvat credit for goods sent for job work
Rule 4(5)

Cenvat Credit in case of Inputs sent for Job work

- CENVAT credit on inputs can be availed even if
- any inputs as such or after being partially processed
- are sent to a job worker
- for further processing, testing, repairing, re-conditioning or for the manufacture of intermediate goods necessary for the manufacture of final products or any other purpose.
- and it is established from the records or any other document that the inputs or the products produced therefrom are received back in the factory/premises of output service provider **within 180 days** of their being sent to a job worker.

Cenvat Credit in case of Capital goods sent for Job work

- CENVAT credit on inputs can be availed even if
- any capital goods **as such**
- are sent to a job worker
- for further processing, testing, repairing, re-conditioning or for the manufacture of intermediate goods necessary for the manufacture of final products or any other purpose.
- **and it is established from the records or any other document that the inputs or the products produced therefrom are received back in the factory/ premises of output service provider ~~within 180 days~~ *(within 2 years)* of their being sent to a job worker.**

(Amendment applicable w.e.f. 01.03.2015)

Credit in case goods (inputs or capital goods) sent directly to Job worker
Credit shall be allowed even if any inputs or capital goods are directly sent to a job worker without their being first brought to the premises of the manufacturer/ output service provider and in such a case,

the period of 180 days or 2 years, as the case may be, will be counted from the date of receipt of such goods by the job worker

Reversal of credit

- If the inputs or capital goods are not received back within 180 days or 2 years as the case may be
- the Cenvat Credit has to be reversed.

Re-availment of credit

However, such credit can be taken again once the inputs or capital goods are received back in the factory/ premises of the output service provider.

Time limit of 2 years in not applicable in case of Dies, Jigs, fixtures, Moulds (DJ-FM)

CENVAT credit in respect of jigs, fixtures, moulds and dies sent by manufacturer of final products to:-
(a) another manufacturer for the production of goods, or
(b) a job worker for the production of goods on his behalf
according to his specifications.
Since these items are consumables in nature, it is obvious that the same cannot be received back in the factory of the manufacturer. Therefore, credit is allowed on such items without any condition of reversing the same after the expiry of 2 years.

No credit on inputs/input services used in manufacture of exempted goods/for provision of exempted services
Rule 6(1)

CENVAT is not allowed on:-

(i) such quantity of input used in or in relation to the manufacture of exempted goods or for provision of exempted services or
(ii) input service used in or in relation to the manufacture of exempted goods and their clearance upto the place of removal or for provision of exempted services

except in the circumstances mentioned in sub-rule (2).

Exempted goods means excisable goods which are exempt from the whole of the duty of excise leviable and includes goods which are chargeable to "Nil" rate of duty.
For the purpose of this section, exempted goods include non-excisable goods cleared for consideration from the factory. (Explanation 1)
It is to be noted that the above explanations are applicable only to rule 6.
(Amendment applicable w.e.f. 01.03.2015)

Exempted Service means

(i) Taxable service which are exempt from the whole of the service tax or
(ii) services on which no service tax is leviable under section 66B of Finance Act, 1994
(iii) Taxable service whose part of value is exempted on the condition that no credit of inputs and input services used for providing such taxable service shall be taken.

Analysis of the amendment:

The implication of the said amendment is that inputs and input services used in the manufacture of non-excisable goods will also attract the reversal provisions under rule 6. It is worthwhile to note here that since exempted service means services on which no service tax is leviable under section 66B of Finance Act, 1994, credit of inputs or input services used in provision of non-taxable services is required to be reversed under rule 6.

Thus, now after the amendment in rule 6, there remains no difference with regard to reversal of credit by a manufacturer *vis-a-vis* a service provider. In other words, provisions for reversal of credit on exempted goods and exempted services have now been aligned.

Documents and Accounts
Rule 9

Credit on goods purchased from first stage dealer/ second stage dealer/ *registered importer*: Rule 9(4)

the CENVAT credit in respect of inputs or capital goods purchased from a first stage dealer or second stage dealer shall be allowed only if-

- such first stage dealer/second stage dealer has maintained records indicating the fact that the input or capital goods was supplied from the stock on which duty was paid by the producer of such input or capital goods; **and**
- only an amount of such duty on *pro rata* basis has been indicated in the invoice issued by him.

The provisions of this sub-rule are also applicable in case of an importer who issues an invoice on which CENVAT credit can be taken.

(Amendment applicable w.e.f. 01.03.2015)

Place of removal in case of Export for the purpose of CENVAT credit of Input Services
(Circular No.999/6/2015 CX dated 28.02.2015)

While determining the eligibility of the input services to CENVAT credit, determination of place of removal is required. The following has been clarified in this regard:

(i) Place of removal in case of direct export of goods by the manufacturer exporter to his foreign buyer will be the port/ICD/CFS where the shipping bill is filed by the manufacturer exporter.

(ii) Place of removal in case of clearance of goods from the factory for export by a merchant exporter will be the factory gate. However, in isolated cases, it may extend further also depending on the facts of the case, but in no case, this place can be beyond the Port/ ICD/CFS where shipping bill is filed by the merchant exporter.