



## Know your **Service Tax** today

### What is it

- It is tax on the transaction of providing a service for a consideration. Presently, it is collected on '100' services.\*

### Who pays it

- Normally it is to be paid by the service provider. However, in certain cases the responsibility is on the service receiver, e.g., service provided by a goods transport agency for transport of goods by road; sponsorship receiver providing service to sponsor; or where the service provider is located outside India.
- Small service providers are exempt. This category covers any service provider whose turnover was less than Rs.8 lakh in previous year. Tax is payable by such person at normal rate on turnover beyond Rs.8 lakh in this year. To arrive at this amount, turnover of taxable services alone is to be taken.

### Tax rate and value of service for computing tax liability

- Service tax rate is 12%. In addition, 'education cess' @ 2% and 'secondary and higher education cess' @ 1% is collected on service tax amount. Therefore, total tax rate comes to 12.36% (i.e. 12%+3% of 12%).
- The value for computing tax is the gross amount charged for a service.

### Registration of taxpayer

- Every taxpayer is required to take registration with the Department. Small service providers would take registration on crossing a turnover of Rs.7 lakh.
- Application for registration, in 'Form ST-1' is to be filed with the local Central Excise and Service Tax office.
- Registration is granted within seven days of filing of application.

### Records and invoices

- Records, including computerised records, maintained by taxpayer, in compliance of any other law are acceptable.
- Service provider would issue invoice/challan/bill within 14 days from providing the service. However, if payment towards service is received in advance the invoice will be issued within 14 days from receipt of such advance.
- The invoice should be serially numbered and it should contain details of service provider, receiver of service and the service provided.

### Manner of payment

- Individuals, proprietorship or partnership concerns are required to pay

this tax on quarterly basis. All other taxpayers are required to pay it on monthly basis.

- Tax is to be paid on the value of service received during the month/quarter.
- Tax for a month/quarter has to be deposited by the 5th (6th in case of electronic payment) of the next month/month immediately after the quarter. However, for the month of March/quarter ending March, it is required to be deposited by the 31st March.
- It is to be paid on self assessment basis by the taxpayer.
- It could be deposited in any of the designated banks through a simple challan. The list of designated banks is available at <http://pccacbec.nic.in/>.

### Input stage CENVAT Credit

- A service provider requires certain goods and services as inputs for providing service to his customer. These inputs may have suffered central excise duty or service tax, the credit of which can be taken by the service provider.
- This credit is referred to as CENVAT Credit and it can be utilised by taxpayer for payment of tax on fulfillment of certain conditions.
- CENVAT credit is not admissible on goods and services used for providing tax free services.

### Availability of Forms

- All forms and challan for payment of tax could be downloaded from the website of department, [www.cbec.gov.in](http://www.cbec.gov.in). These forms could also be obtained from the office of Commissioner of Service Tax/Central Excise.

### Can Service tax be paid electronically?

- Yes, it can be paid electronically through the designated banks providing this facility. The list of such banks along with detailed information on e-payment is available on [www.cbec.gov.in](http://www.cbec.gov.in) and <http://pccacbec.nic.in/>.

### Mandatory e-payment of service tax for certain taxpayers

- Any taxpayer who has paid service tax of rupees fifty lakh or above in the preceding year or has already paid service tax of rupees fifty lakh in the current year is required to pay service tax mandatorily through internet banking.

### Return

- Return is to be filed twice in a year by every taxpayer. For the period from April to September, return has to be filed by the 25th of October and for the period from October to March, it has to be filed by the 25th of April. It is to be filed in 'Form ST-3'.

Do not delay in depositing tax and filing return, because

- Delay in depositing tax attracts interest @13% per annum. In addition, it also attracts a penalty @Rs.200 per day of delay or 2% per month of the tax liability, whichever is higher. This penalty could be upto the amount of service tax payable.
- Delay in filing of return attracts late fee, which could extend upto Rs.2000.

## \* Services presently taxable

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| <ul style="list-style-type: none"> <li>● Advertising agency</li> <li>● Air transport of goods</li> <li>● Air travel agent</li> <li>● Airport service</li> <li>● Architect</li> <li>● Assets management</li> <li>● Auctioneers service</li> <li>● Authorised automobile repair</li> <li>● Automated teller machine operation, management, maintenance</li> <li>● Banking and other financial services</li> <li>● Beauty parlour</li> <li>● Broadcasting service</li> <li>● Business auxiliary service</li> <li>● Business exhibition service</li> <li>● Business support service</li> <li>● Cable operator</li> <li>● Cargo handling</li> <li>● Chartered accountant</li> <li>● Cleaning service</li> <li>● Clearing and forwarding agent</li> <li>● Clubs and associations</li> <li>● Commercial coaching or training</li> <li>● Company secretary</li> <li>● Construction of commercial complex</li> <li>● Consulting engineer</li> <li>● Containerized rail transport (other than by Indian Railways)</li> </ul> | <ul style="list-style-type: none"> <li>● Convention services</li> <li>● Cost accountant</li> <li>● Courier</li> <li>● Credit rating agency</li> <li>● Credit/debit/charged cards</li> <li>● Custom house agent</li> <li>● Design services</li> <li>● Development and supply of content for telecom, advertising and online information and database retrievable</li> <li>● Dredging</li> <li>● Dry cleaning</li> <li>● Erection, commissioning or installation</li> <li>● Event management</li> <li>● Fashion designer</li> <li>● Foreign exchange broking</li> <li>● Forward contract brokerage</li> <li>● Franchise service</li> <li>● General insurance</li> <li>● Goods transport by road</li> <li>● Health club and fitness centres</li> <li>● Insurance auxiliary service (general insurance)</li> <li>● Insurance auxiliary service (life insurance)</li> <li>● Intellectual property service</li> <li>● Interior decorator</li> <li>● International air travel (other than economy class)</li> </ul> | <ul style="list-style-type: none"> <li>● Internet cafe</li> <li>● Internet telephony</li> <li>● Life insurance</li> <li>● Mailing list compilation and mailing service</li> <li>● Man power recruitment and supply agency</li> <li>● Management consultant</li> <li>● Management, maintenance or repair</li> <li>● Mandap Keeper</li> <li>● Market research agency</li> <li>● Mining of mineral, oil or gas</li> <li>● On-line information and database access and/or retrieval</li> <li>● Opinion/poll service</li> <li>● Outdoor catering service</li> <li>● Packaging service</li> <li>● Pandal and shamiana contractor</li> <li>● Photography service</li> <li>● Port service (major ports)</li> <li>● Port service (other than major ports)</li> <li>● Public relation management</li> <li>● Rail travel agent</li> <li>● Real estate agent/consultant</li> <li>● Recovery agent</li> <li>● Registrar service to an issue</li> <li>● Rent-a-cab operator</li> <li>● Renting of immovable property for</li> </ul> | <ul style="list-style-type: none"> <li>● commerce and business</li> <li>● Residential complex construction</li> <li>● Sale of space for advertisement</li> <li>● Scientific and technical consultancy</li> <li>● Security agency</li> <li>● Share transfer agent</li> <li>● Ship cruise tour</li> <li>● Ship management</li> <li>● Site preparation</li> <li>● Sound recording</li> <li>● Sponsorship</li> <li>● Steamer agent</li> <li>● Stock broker</li> <li>● Storage and warehousing service</li> <li>● Survey and exploration of minerals</li> <li>● Survey and map making</li> <li>● Technical inspection and certification</li> <li>● Technical testing and analysis</li> <li>● Telecommunication service</li> <li>● Television and radio programme production</li> <li>● Tour operator</li> <li>● Transport through pipeline</li> <li>● Travel agent</li> <li>● Underwriter</li> <li>● Video tape production</li> <li>● Works contract service</li> </ul> |
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## D.G. SERVICE TAX CONSULTANCY

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