केन्द्रीय उत्पाद शुल्क, सीमा शुल्क एवं सेवा कर आयुक्त का कार्यालय
OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE, CUSTOMS & SERVICE TAX
केन्द्रीय राजस्व भवन, आई.एस.प्रेस रोड, कोचिन -682018
C.R.BUILDING, I.S.PRESS ROAD, COCHIN-682018

प.सं.C. No. IV/16/08/2014-ST दिनांक / Dated: .04.2015

व्यापार सूचना सं./ TRADE NOTICE NO. 02/2015 ST

विषय/Subject: Clarification on rate of service tax – regarding.

The contents of Circular No. 183/02/2015 - ST (F. No. B-1/1/2015 – ST) dated 10.04.2015 issued by the Ministry of Finance, Department of Revenue (TRU) on the above subject is reproduced below for information, guidance and necessary action.

Doubts have been expressed in various forums regarding the proposed increase in the rate of service tax from 12.36% (including education cesses) to 14% on the value of taxable service.

2. It may be noted that changes proposed in the Budget have/are coming into effect on various dates as already indicated in JS (TRU-II) D.O. letter dated 28th February, 2015. Certain amendments made in the Finance Act, 1994, including the change in service tax rate, will come into effect from a date to be notified by the Government after the enactment of the Finance Bill, 2015.

3. In this regard your attention is invited to clause 106 of the Finance Bill, 2015 and paragraph 3 of JS (TRU-II) D.O. letter, which is reproduced below:-

"3. Service Tax Rate:

3.1 The rate of Service Tax is being increased from 12% plus Education Cesses to 14%. The 'Education Cess' and 'Secondary and Higher Education Cess' shall be subsumed in the revised rate of Service Tax. Thus, the effective increase in Service Tax rate will be from the existing rate of 12.36% (inclusive of cesses) to 14%, subsuming the cesses.

3.2 In this context, an amendment is being made in section 66B of the Finance Act, 1994. Further, it has been provided vide clauses 179 and 187 respectively of the Finance Bill, 2015 that sections 95 of the Finance Act, 2004 and 140 of the Finance Act, 2007, levying Education Cess and Secondary and Higher Education Cess on taxable services shall cease to have effect from a date to be notified by the Government.

3.3 The new Service Tax rate shall come into effect from a date to be notified by the Central Government after the enactment of the Finance Bill, 2015.

3.4 Till the time the revised rate comes into effect, the 'Education Cess' and 'Secondary and Higher Education Cess' will continue to be levied in Service Tax."

4. The paragraph reproduced above is self-explanatory and it is clear that the new Service Tax rate shall come into effect from a date to be notified by the Central Government after the enactment of the Finance Bill, 2015. ~~The date will be notified in due course after the enactment.~~

5. Similarly, certain doubts have been raised with regard to abatement on value of services provided in relation to serving of food or beverages by a restaurant, eating joint or

a mess, having the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year. Valuation of services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess is determined as provided in rule 2C of the Service Tax (Determination of Value) Rules, 2006.

5.1 In the Union Budget, 2015, no change has been made in these rules; therefore, any confusion is unwarranted. Further, as explained above, the rate of service tax on the specified portion of the amount charged for such supply which is 40% continues to be 12.36% (including cesses) at present i.e. 4.944 %. The rate of Service tax, as discussed above, will continue unchanged till a date which will be notified in due course.

The Hindi version follows

(फ़ाइल प.सं. IV/16/08/2014 – S.T से जारी/Issued from file C.No.IV/16/08/2014 – S.T)

Dr. M. MATHEW JOLLY
आयुक्त / COMMISSIONER

सेवा में/ To

1. प्रेषण सूची -1 व 2 के अनुसार / As per DL-I & II of Cochin Commissionerate

प्रति/Copy to:-

1. ट्रिवेनड्रम आयुक्तालय / Trivandrum Commissionerate
2. केलिकट आयुक्तालय / Calicut Commissionerate

प्रति प्रस्तुत है / Copy submitted to :-

मुख्य आयुक्त कार्यालय / The Chief Commissioner's office