

## ITEMISED AMENDMENTS IN SERVICE TAX

SR. NO.	NATURE OF AMENDMENT	ITEM NO.	DETAILS	EFFECT	AMENDMENT PROPOSED IN	EFFECTIVE DATE OF AMENDMENT
1.	AMENDMENTS RELATING TO SERVICES	1.	<b>Entry to amusement facilities such as rides, gaming, bowling alleys, amusement parks, water parks etc made taxable</b>	Only admission to entertainment events such as recognized sporting event, dance, cinema, theatrical performance, awards etc will be tax free but through Exemption Route	<b>Sec. 66D(j) &amp; NN 25/12</b>	Date to be notified after enactment
		2.	<b>Process amounting to Manufacture</b>	Such process relating to Liquor has been made taxable whether it be a complete process or an intermediate process.	<b>Sec 66D(f) &amp; NN 25/12</b>	Date to be notified after enactment
		3.	<b>Betting, Gambling or lottery</b>	This expression shall not include any activity mentioned in Explanation 2 to sec 65B(44)	<b>Sec 65B(44) &amp; Sec 66D(i)</b>	Date to be notified after enactment except the Expl. 2 which shall be effective from date of enactment itself.
		4.	<b>Service by Government</b>	All service by Govt. are under Negative list except those mentioned in 66D(a) (i), (ii), (iii) [to	<b>66D(a)(iv) &amp; 65B(49)</b>	Date to be notified after enactment

**AMENDMENTS  
RELATING TO SERVICES**

		the extent not covered elsewhere]. Earlier the residuary charge under 66D(a)(iv) was only on support service. Now the same has been extended to all services.		
5.	<b>Health care Services (NEW EXEMPTION)</b>	Earlier only ambulance services provided by a clinical establishment were tax free but now all ambulance services have been exempted from tax.	<b>Sr. 2 of NN 25/12</b>	01.04.2015
6.	<b>Construction Service provided to Govt. Local Authority or Govt. Authority</b>	Entries no. (a), (c) and (f) have been omitted from this entry. meaning thereby Construction by any person for G, LA or GA:  (i) of even Non-Commercial Buildings or structures is taxable  (ii) of educations, clinical or cultural establishment is taxable  (iii) of residential complex for self use or use by employee is taxable	<b>Sr. 12 of NN 25/12</b>	01.04.2015
7.	<b>Construction of civic</b>	Construction of original work in	<b>Sr. 14 of</b>	01.04.2015

**AMENDMENTS  
RELATING TO SERVICES**

amenities relation of airport or ports shall now be taxable **NN 25/12**

8. **Performance by artists other than as brand ambassadors** A ceiling of Rs.1,00,000 per performance has been fixed. Meaning thereby, if the artist charges more than 1,00,000 for his/her folk or classical performance relating to music, dance or theater then tax shall be levied on the same. In our view, every such event for with the artist charges more than prescribed sum shall be clubbed together to determine applicability of Notification No. 33/12<sup>Ψ</sup> **Sr. 16 of NN 25/12** 01.04.2015

9. **Transportation of foodstuff by rail or vessel** Now the exemption shall be limited to Milk, Salt and Food Grains including flours, pulses and rice. Transportation of Agricultural produce shall remain exempt as before. **Sr. 20 of NN 25/12** 01.04.2015

10. **Transportation of foodstuff by road** Now the exemption shall be limited to Milk, Salt and Food Grains **Sr. 21 of NN 25/12** 01.04.2015

<sup>Ψ</sup> Threshold Exemption Notification

including flours, pulses and rice. Transportation of Agricultural produce shall remain exempt as before.

11.	<b>Insurance</b>	Varishtha Pension Bima Yojna to be exempt	<b>Sr. 26A of NN 25/12</b>	01.04.2015
12.	<b>Intermediaries</b>	Exemption to : (i) MF Agents (ii) Distributor to MF or AMC (iii) Selling/Marketing Agent of Lottery Is being withdrawn	<b>Sr. 29 of NN 25/12</b>	01.04.2015
13.	<b>Intermediate Production Process</b>	Exemption from intermediate process in relation to Liquor is being withdrawn	<b>Sr. 30 of NN 25/12</b>	Date to be notified after enactment
	<b>Telephone calls</b>	Exemption is being withdrawn	<b>Sr. 30 of NN 25/12</b>	01.04.2015
15.	<b>Effluent Treatment</b>	NEW EXEMPTION is being provided TO Common Effluent Treatment Plant	<b>Sr. 43 of NN 25/12</b>	01.04.2015
16.	<b>Pre Storage Services</b>	NEW EXEMPTION is being provided TO Pre-Storage service relating to fruits and vegetables	<b>Sr. 44 of NN 25/12</b>	01.04.2015

	17. <b>Admission to museums, national parks etc.</b>	NEW EXEMPTION is being provided TO Admission to museum, national park, wild life sanctuary, tiger reserve or zoo	<b>Sr. 45 of NN 25/12</b>	01.04.2015
	18. <b>Exhibition of movies</b>	NEW EXEMPTION is being provided TO Exhibition of movie	<b>Sr. 46 of NN 25/12</b>	01.04.2015
	19. <b>Entertainment Event</b>	The negative list entry has been now channelized through the Exemption route after imposing tax <sup>¥</sup> on entertainment events etc as follows: (i) Exhibition of films, circus, dance, theater, drama or ballet (exempt without limit of admission fee) (ii) Recognized sports event (exempt without limit of admission fee) (iii) Award, concerts, pageants, musical performance or other than recognized sports event (exempt if admission fee is not more than Rs. 500 per person)	<b>Sec. 66D(j), Sec. 65B(9) Sec. 65B(24) &amp; Sr. 47 of NN 25/12</b>	Date to be notified after enactment

<sup>¥</sup> Refer point (a)(i) on page 4 of this publication

**REVERSE CHARGE MECHANISM (RCM)**

2.	20.	<b>Manpower Recruitment Agency</b>	This service is being migrated from the “JOINT CHARGE” system to the “REVERSE CHARGE” system. Now the service receiver will be liable for the 100% liability in this regard.	<b>Sr. 8 of NN. 30/2012</b>	01.04.2015
	21..	<b>Security Service</b>	This service is being migrated from the “JOINT CHARGE” system to the “REVERSE CHARGE” system. Now the service receiver will be liable for the 100% liability in this regard.	<b>Sr. 8 of NN. 30/2012</b>	01.04.2015
	22..	<b>Mutual Fund Distributor</b>	Consequent to this service becoming taxable, the same has been taken under 100% RCM	<b>Sr. 1B of NN. 30/2012</b>	01.04.2015
	23..	<b>Selling/Marketing Agent for Lottery</b>	Consequent to this service becoming taxable, the same has been taken under 100% RCM	<b>Sr. 1C of NN. 30/2012</b>	01.04.2015
	24..	<b>Service Involving an Aggregator</b>	Any person who owns or manages web based software application with the use of which he enables a customer to connect with any service provider.	<b>Sr. 11 of NN. 30/2012</b>	01.04.2015
3.	25.	<b>Cenvat for amount paid under partial RCM – now on</b>	The condition that the same be linked to payment of invoice value has been done away with. A	<b>Rule 4(7) of CCR’04</b>	01.04.2015

# ABATEMENTS

		<b>Invoicing basis</b>	welcome move since the time delay in taking Cenvat resulted in cash loss..specially to builders		
	26.	<b>Time limit to avail Cenvat – Liberalized</b>	The cap of 6 months from date of invoice, for availing Cenvat of the same has been raised to 1 year.	<b>3<sup>rd</sup> Proviso to Rule 4(1) of CCR'04</b>	01.03.2015
4.	27.	<b>NATURE</b>	<b>% TAXABLE</b>	<b>CONDITION</b>	<b>EFFECTIVE</b>
		Transport of goods by Rail	30%	No Cenvat of Inputs, capital goods or Input Service Can be taken (this condition has been newly inserted rest all remained same)	01.04.2015
	28.	Transport of passengers, with or without accompanied belongings by rail	30%	No Cenvat of Inputs, capital goods or Input Service Can be taken (this condition has been newly inserted rest all	01.04.2015

				remained same)	
	29..	<b>Transport of passengers, with or without accompanied belongings by air</b>	Economy Class – 40% Other Class – 60% (This is the amendment)	No Cenvat of Inputs, capital goods or Input Service Can be taken	01.04.2015
	30..	<b>GTA</b>	30% (This is the amendment. Earlier it was 25%)	No Cenvat of Inputs, capital goods or Input Service Can be taken	01.04.2015
	31..	<b>CHIT FUND</b>	ENTRY DELETED		01.04.2015
	32..	<b>Transport of goods by vessel</b>	30% (This is the amendment. Earlier it was 40%)	No Cenvat of Inputs, capital goods or Input Service Can be taken	01.04.2015
5.	<b>EXEMPTIONS</b>	33. <b>Transport by exporter from place of removal to Land Customs Station (LCS)</b>	Now this transportation shall be exempt	<b>NN. 31/2012 (amended)</b>	01.04.2015



## AMENDMENTS IN ACT

	34.	<b>Claiming of exemption in relation to Foreign Commission Paid</b>	Owing to amendment last year in Place of Provision Rules, the claim of amendment becomes a redundant feature, thus abolished	<b>NN. 42/2012</b>	01.03.2015
6.	35.	<b>“Government” defined for the first time</b>	In order to mitigate the arising interpretational issues.	<b>Sec. 65B(26A)</b>	Date of enactment
	36.	<b>Insertion of an Illustration to Sec. 66F(1)</b>	To give clarity to the soul of this section that “Reference to a service shall not include reference to its input services”	<b>Sec. 66F(1)</b>	Date of enactment
	37.	<b>Inclusion of Reimbursements in Taxable Value</b>	The Explanation in Sec. 67 defining the term “Consideration” is being re-phrased to specifically include “reimbursements” claimed by service provider.	<b>Sec. 67</b>	Date of enactment
	38.	<b>More Recovery Powers to department and lesser means to escape for assessee</b>	Sec. 73 has been amended to incorporate and “auto-Recovery” sub-section (1B). Further sub-section (4A) providing subsidized penal provision is being omitted.	<b>Sec. 73</b>	Date of enactment
	39.	<b>Penalty Section 76 rationalized</b>	Sec 73(4A) being done away with, FM has rationalized Sec. 76	<b>Sec. 76</b>	Date of enactment

			considerably wherein an inbuilt mechanism to claim penalties of 0%-10%-25% has been provided.		
	40.	<b>Penalty Section 78 rationalized</b>	FM has further rationalized Sec. 78 relating to penalty for deliberate defaults of the nature mentioned therein. Here too, an inbuilt mechanism to claim penalties of 15%-25% has been provided.	<b>Sec. 78</b>	Date of enactment
7.					
<b>ADVANCE RULING</b>	41.	<b>Term APPLICANT to include a resident firm</b>	A welcome step and can be viewed as a means to reduce litigation	<b>Sec. 96A</b>	Date of enactment

THANKS A LOT..... HAPPY BUDGET & HAPPY HOLI

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